FINANCIAL STATEMENTS
OF
ISHTIAQ TEXTILE MILLS LIMITED
FOR THE YEAR ENDED
30 JUNE 2018

CONTENTS

COMPANY INFORMATION

***BOARD OF DIRECTOR'S*:**	DEWAN ABU SAEED FAROOQUI Chief Executive
	DEWAN ABU OBAIDA FAROOQUI DEWAN ABU SAEED FAROOQUI DEWAN M. RIZWAN FAROOQUI DEWAN M. EMRAN FAROOQUI DEWAN M. REHAN FAROOQUI DEWAN M. UZAIR FAROOQUI HASSAN IMRAN FAROOQUI
AUDIT COMMITTEE	DEWAN M. RIZWAN FAROOQUI DEWAN M. REHAN FAROOQUI DEWAN M. UZAIR FAROOQUI
HR & REMUNERATION : COMMITTEE	DEWAN REHAN FAROOQUI DEWAN ABU SAEED FAROOQUI DEWAN M. RIZWAN FAROOQUI
***COMPANY SECRETARY* :**	MOHAMMAD UMAIR FAROOQUI 19-F Dawood Co-Operative Housing Society, Stadium Road, Karachi.
AUDITORS:	M/S. FARUQ ALI & CO Chartered Accountants C-88, KDA Scheme No.1, Main Karsaz Road Opp: Maritime Museum, Karachi
BANKERS	MCB BANK LTD NATIONAL BANK OF PAKISTAN FAYSAL BANK LTD BANK AL FALAH LIMITED HABIB METROPOLITAN BANK LTD BANK AL HABIB HBL BANK LIMITED
SHARE REGISTRAR:	MG ASSOCIATES (PVT) LIMITED Office at Unit-02 Mustafa Avenue F/4 Block # 09 Clifton Karachi
***REGISTERED OFFICE*:**	155-Napier Road, Karachi – 74000
MILLS :	B-27, S.I.T.E., Nooriabad. District : Dadu, Sindh.

VISION / MISSION STATEMENT

- Our mission is to grow with sound financial position, excellent quality and efficiency of production at lower operating cost.
- To utilize available resources to increase earnings to enable us to deliver a good return to our all shareholders.
- To conduct business with responsibility, integrity, honesty and build long term relation with our valued customers and suppliers.
- To create better work environment to achieve our goals.
- To work for the benefit of our shareholders, employees and the country.
- To fulfill the legal, social and environmental obligation.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of the Company will be held on Saturday 27th October , 2018 4.00 p.m at Dewan House 155, Napier Road, Karachi to transact the following business.

1 Recitation from the Holy Quran.

2 To confirm the minutes of 31st Annual General Meeting held on 30th October 2017.

3 To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' Report thereon.

4 To consider the appointment of External Auditors and to fix their remuneration for the financial year ending June 30, 2019

5 Any other business with the permission of the Chair.

Karachi: October, 06 2018

By Order of the Board
MUHAMMAD UMAIR FAROOQUI
SECRETARY

NOTES:

1. The Share Transfer Books of the Company Shall remain closed from 20th October 2018 to 27th October 2018 (Both days inclusive).
2. A member entitled to attend the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her place at the meeting. Proxies' forms, in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.

3. The members are requested to kindly communicate to the company any change in their address immediately.

ISHTIAQ TEXTILE MILLS LIMITED

CHAIRMAN REVIEW REPORT

The Board of Directors comprises of competent and proficient individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities.

The Board of ISHTIAQ TEXTILE MILLS LIMITED Constitute of:

Dewan Abu Obaida Farooqui (Chairman)
Dewan Abu Saeed Farooqui (Chief Executive)
Dewan Rizwan Farooqui
Dewan Emran Farooqui
Dewan Rehan Farooqui
Dewan Uzair Farooqui
Hassan Emran

The Board, being responsible for the management of the Company, formulates all significant policies and strategies. The Board is governed by relevant laws & regulations and its obligation, rights, responsibilities and duties are as specified and prescribed therein.

An annual self-evaluation of the Board of Directors of the Company is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

During financial year ended June 30, 2018, Four Board meetings were held. The Board of Directors of the Company received agendas and supporting material in advance prior to the Board and its committee meetings. The Chief Executive and Other directors are equally involved in important decisions. The Board's overall performance and effectiveness for the year under review was satisfactory.

Dewan Abu Obaida Farooqui
Chairman

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ISHTIAQ TEXTILE MILLS LIMITED

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors are pleased to present their Annual Report of the Company's performance and Audited Accounts of the Company for the year ended 30th June 2018.

Composition of Board

The composition of the Board is in compliance with the requirements of the Code of Corporate Governance regulations, 2017 applicable on listed entities which is given below:

Total number of Directors

a)	Male	7
b)	Female	-

Composition:

i.	Independent Directors	-
ii.	Executive Directors	1
iii.	Non-Executive Director	6

The names of the directors as at 30 June 2018 are as follows

1)	Mr. Dewan Abu Obaida Farooqui	- Chairman
2)	Mr. Dewan Abu Saeed Farooqui	- Director/ Chief Executive Officer
3)	Mr. Dewan M.Rizwan Farooqi	- Director
4)	Mr. Dewan M.Emran Farooqu	- Director
5)	Mr. Dewan M.Rehan Farooqu	- Director
6)	Mr. Dewan M.Uzair Farooqui	- Director
7)	Mr. Hasan Emran Farooqui	- Director

PRINCIPAL ACTIVITIES OF THE COMPANY

Ishtiaq Textile Mills Limited (ITML) (the Company) is incorporated in Pakistan as public limited company and is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn.

REVIEW OF OPERATIONS

The Financial Results of your Company for the year under review continues to be remain discouraging. During the year under review, the Company incurred an after tax loss of Rs (39.476) million as compared to an after tax loss of Rs (31.159) million Restated during the corresponding period of last year, reason of loss is due to closed operations of the company due to circumstances beyond control of company, we were left with no option except to temporarily cease operations of company had have had to endure very difficult times. We further say that one of the main reasons for the ceasing of operations is the drastic decrease in the Export of yarn of Pakistan as a whole. Large scale Companies with better machinery and economies of scale are currently supplying the local market due to lack of exports, such companies have made it almost impossible for mid level companies such as ours to be competitive in the local market reducing our market share eventually leading to our lack of sale. The government has not taken appropriate steps to improve the viability of this sector; until major steps like ban of the dumping of Indian yarn and improve the energy situation in Pakistan the true revival of spinning sector will not be possible.

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In the light of Current Economic condition of the country and International Market of Textile, company's management hopeful that Government of Pakistan will take some corrective masseurs for Textile measure to make Textile sector and also hopeful that the worldwide economy and economic policy of Pakistan will more business friendly.

CHANGE IN ACCOUNTING POLICY

The current year financial statements have been restated due to change in accounting policy for recording of revaluation surplus on property, plant and equipment as part of equity. This change is due to the fact that the provision in Companies Ordinance, 1984 requiring revaluation surplus to be recorded as a separate financial statement line item has not been carried forward in the Companies Act, 2017, thereby aligning the treatment with International Accounting Standard – 16 (IAS-16).

The change in accounting policy has been applied retrospectively, and comparative figures have been restated. Had the policy not been changed, the shareholders' equity would have been lower by Rs.100.620 million (2017: Rs.107.093 million and as of 01 July 2016: Rs.91.361 million), the comprehensive income for comparative period would have been lower by Rs.6.283 million.

COMMENTS ON AUDITORS OBSERVATION

a) The auditors have give their observation in their report regarding doubt about company's ability to continue as a going concern on account of the loss sustained by the company, negative current ratio and closure of operations during the year which could not be resumed till the date of this report. The financial statement has been prepared under going concern assumption as the conditions are temporary and would reverse and are largely dependent upon relief by the government for revival of overall textile industry. To mitigate the risks involved, the company also has arranged interest free loan from related parties, therefore the preparation of financial statements using the going concern assumption is justified.

b) The auditors have given their observation in their report regarding actuarial valuation of gratuity. The Company is of the view that as the operations of the Company are closed therefore the actuarial valuation of gratuity will be performed in future.

c) Additionally, auditors have also given matter of emphasis paragraph by drawing attention of the members to the fact that company has been placed on defaulter counter of Pakistan Stock Exchange (PSX) and PSX has issued notice for proposed delisting of the Company. In this respect, we have to inform to the members that the Company has already in process of delisting from Pakistan Stock Exchange and de-listing application already filed to the PSX.

d) That Auditors have also drawn attention of the members to pending litigations as disclosed in Note 24 to the financial statement. With respect to pending litigation, our lawyers have opined that there will be no additional liability on part of company, and the cased will be decided in our favor.

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EARNING PER SHARE

The (loss) / earning per share are worked out at Rs. (9.29) per share as compare to Rs. (7.33) per share Restated last year.

DIVIDEND

Keeping in view accumulated losses your Board of Directors has not proposed any dividend for the year.

CORPORATE FINANCIAL FRAMEWORK

1. The financial statements, prepared by the management, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the company have been maintained as required under the Companies Act, 2017.
3. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements and any departure there from, if any, has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored
6. There are no significant doubts upon the company's ability to continue as a going concern detailed in the listing regulations except as disclosed in note no. 2 of the financial statement.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data of last six years is annexed
9. During the year under review the trading in shares of the Company by the Chief Executive and Directors as follows;

MEETINGS OF BOARD OF DIRECTORS DURING THE YEAR

During the year 4 meetings of the Board of Directors were held. Attendance of each director personally as follows:

1.	Dewan Abu Obaida Farooqui	3
2.	Dewan Abu Saeed Farooqui	4
3.	Dewan M. Rizwan Farooqui	3
4.	Dewan M. Emran Farooqui	4
5.	Dewan M. Rehan Farooqui	3
6.	Dewan M. Uzair Farooqui	4
7.	Hassan Imran Farooqui	2

Leave of absence was granted to directors who could not attend these meetings.

Audit Committee

Audit committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting and Corporate Control. The committee consists of three members. Majority of members including the chairman of the committee are non-executive directors.

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ISHTIAQ TEXTILE MILLS LIMITED

During the year, four Audit Committee meetings were held and attendance was as follows.

Names		No. of Meetings attended
Mr. Dewan M.Rizwan Farooqui	(Chairman)	4
Mr. Dewan M.Rehan Farooqui	(Member)	4
Mr. Dewan M. Uzair Farooqui	(Member)	4

Human Resource and Remuneration Committee

Human Resource and Remuneration Committee was established by the Board to assist the Directors in discharging their responsibilities with regard to devising and periodic reviews of human resource policies. It also assists Board in selection, evaluation, compensation and succession planning of key management personnel.
The committee consists of three members. During the year one Human Resource and Remuneration committee meeting was held and attendance was as follows.

Name		No. of Meetings attended
Mr. Dewan M.Rehan Farooqui	(Chairman)	1
Mr. Dewan Abu Saeed Farooqui	(Member)	1
Mr. Dewan M.Rizwan Farooqui	(Member)	1

VOTE OF THANKS

The board directors puts on record its gratitude to its valuable shareholders, Federal and Provincial Government functionaries, banks and customers who are co-operation, constant support and patronage have enabled your company to work hard to achieve the desired results.

The board also expresses its thanks for the valuable team work, loyalty and laudable efforts rendered by the Executives, staff members and workers of the company, during the period under review and place on record its appreciation for the same.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Report.

AUDITORS

The present auditors, M/s. Faruq Ali & Co., Chartered Accountants, Karachi, retire and being eligible for reappointment under the Companies Act, 2017, and the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan, has offered themselves for the same. The Board of Directors of your company, based on the recommendations of the Audit Committee of the board, propose M/s. Faruq Ali & Co., Chartered Accountants, for reappointment as auditors of the Company for the ensuing year.

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ISHTIAQ TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed.

BOARD EVALUATION

As required by the Listed Companies Code of Corporate Governance Regulations 2017 the Board has developed a mechanism for evaluation of performance of the Board of Directors. During the year a comprehensive questioner was circulated among all members of the Board for evaluation of performance of the Board of Directors.

CHAIRMAN'S REVIEW

The Directors of the Company endorse the contents of the Chairman's review, which is deemed to be a part of the Directors' report.

CONCLUSION

In conclusion, we bow, beg and pray to Almighty Allah, Rehman-o-Raheem, in the name of our beloved prophet. Muhammad peace be upon him, for continued showering of His Blessings, Guidance, Strength, Health and Prosperity to us, our Company, Country and Nation and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole Muslim Ummah, Ameen. Summa-Ammen.

For and on Behalf of Board of Directors
DEWAN ABU SAEED FAROOQUI
CHIEF EXECUTIVE

Karachi: October 06, 2018

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ISHTIAQ TEXTILE MILLS LIMITED
FINANCIAL HIGHLIGHTS SIX YEARS AT A GLANCE

The highlights of accounts are as follows:

	2018 RS.	2017 RS.	2016 RS.	2015 RS.	2014 RS.	2013 RS.
Sales	3,616,000	35,505,223	275,139,289	555,766,249	586,532,688	693,520,216
Gross Profit/(Loss)	(24,604,959)	(15,160,603)	(49,947,370)	(73,681,435)	23,309,374	62,620,963
Profit/(Loss) before tax	(42,338,571)	(33,268,634)	(72,831,019)	(113,587,980)	(11,986,444)	33,307,921
Profit/(Loss) After tax	(39,475,619)	(30,361,533)	(69,741,678)	(111,826,300)	(16,835,335)	38,285,826
Current Assets	18,560,832	33,505,592	61,617,530	174,530,887	302,055,661	257,239,333
Current Liabilities	111,050,378	103,656,451	117,907,778	177,498,730	228,246,640	184,072,591
Long Term Liabilities	122,251,981	116,494,386	111,075,503	106,044,275	84,639,313	77,430,521
Share Capital	42,500,000	42,500,000	42,500,000	42,500,000	42,500,000	42,500,000
Earning Per Share	(9.29)	(7.14)	(16.41)	(26.31)	(3.96)	9.01
Actual Production Converted in 20/s Kgs	-		764,501	2,302,610	1,796,075	3,048,051

دیوان
DEWAN
DEWAN ISHTIAQ GROUP

ISHTIAQ TEXTILE MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2018

The Company has applied the principles contained in the CCG in the following manner.

1. At Present the board consists of following Non Executive and Executive Directors.

   Executive Director

   Dewan Abu Saeed Farooqui- Chief Executive Officer

   Non Executive Directors

   1 Dewan Abu Obaida Farooqui
   2 Dewan M. Rizwan Farooqui
   3 Dewan M. Emran Farooqui
   4 Dewan M Rehan Farooqui
   5 Hasan Emran Farooqui

2 The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DPI or an NBFI or being a member of a stock exchange, has been declared as a defaulter by that Stock Exchange.

4 No causal vacancies occurred on the Board during the year.

5. The company has prepared a "Code of Conduct", and has ensured that appropriate step have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. 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.

7. All the power of the Board have been duly exercised and decision on material transactions. Including appointment and determination of remuneration and terms and conditions for employment of the CEO, other executive and non-executive directors have been taken by the Board/shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by the director elected by the Board for this purpose and the board met at least once in every quarter. Written notices

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of the board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified in clause 5.19.7 of the CCG, all the directors are exempted from the requirement of director's training program (DTP). All Directors are fully conversant with their duties and responsibilities as directors'; they were further appraised through presentations during the year.
10. There was no change in the position of CFO, Company Secretary and Head of Internal Audit during the year.
11. The Director's report for this year has been prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by the Chief Executive Offi:e and the Chief Financial Officer, before the approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the company other than the disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of three members, all of them are non-executive directors and does not include any independent director in contravention of clause 5.19.16(a) of CCG.
16 The meeting of the Audit Committee were held at least once every Quarter prior to approval of interim and final results of the company and as required by CCG. The terms of reference of the committee have been formed and advise to the committee for compliance.
17. The board has formed Human Resource and remuneration Committee. It comprises of three members, are non-executive directors including chairman.
18. The Board has set-up an effective internal audit function. The staffs are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they are 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 are adopted by the ICAP.
20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they observed IFAC guidelines in this regard.
21. The closed period, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at one through stock exchange(s).

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ISHTIAQ TEXTILE MILLS LIMITED

23. The Company has Complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all the other material principles enshrined in the CCG have been complied with.

Karachi: Oct 06, 2018

DEWAN ABU SAEED FAROOQUI

Chief Executive Officer

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FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

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Independent Auditor's Modified Review Report to the Members of Ishtiaq Textile Mills Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ('the Regulations') prepared by the Board of Directors of Ishtiaq Textile Mills Limited ('the Company') for the year ended 30 June 2018 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.

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

a) The independent directors of each listed company shall not be less than two members or one third of the total members of the board, whichever is higher. However, the composition of the board does not include any independent director;

b) The chairman of the HR and remuneration committee shall be an independent director, whereas the Company has no independent director on its board;

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended 30 June 2018.

Further, we highlight that the audit committee does not include any independent director as mentioned in paragraph 12.2 of the Statement of Compliance.

CHARTERED ACCOUNTANTS

Dated: 06 OCT 2018

Karachi

Engagement partner: Muhammad Faisal Nini

FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the members of Ishtiaq Textile Mills Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of Ishtiaq Textile Mills Limited ('the Company'), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of matters discussed in basis for adverse opinion paragraph, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at 30 June 2018and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

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

a) The financial statements of the Company for the year ended 30 June 2018 reflect after tax loss of Rs.39.476 million and as of that date its accumulated losses of Rs.165.082 million have resulted in negative equity of Rs.21.963 million and its current liabilities exceeded its current assets by Rs.92.490 million. The operations of the Company are closed since February 2016 and management has not chalked out any plan for revival of its operations. These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate; consequently, the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

b) The liability for staff retirement benefits reflected in these financial statements amounting to Rs.2.910 million is not based on actuarial valuation as required by the International Accounting Standard – 19 'Employee Benefits' as actuarial valuation of the same has not been carried out during the year and accordingly the related disclosures cannot be given. In the absence of actuarial valuation, we are unable to quantify the financial effect that may have on these financial statements.

Emphasis of Matter

We draw attention of the members to:

a) Note 1.2 in the financial statements which described that the Company has been placed on defaulter counter of Pakistan Stock Exchange Limited (PSX) and PSX has issued a notice for proposed delisting of the Company. Our opinion is not qualified in respect of this matter.

b) Note 24 in the financial statements in respect of pending litigation, the ultimate outcome of which cannot be established at this stage. Our opinion is not qualified in respect of this matter.

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. In addition to the matter described in the Basis for Adverse Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter(s)	How the matter was addressed in our audit
1	**First time adoption of the third and fourth schedules to the Companies Act, 2017**	
	As referred to in note 4.3.2 to the accompanying financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In the case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements as referred to note 5.14 to the accompanying financial statements. The aforementioned changes and enhancement in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Companies Act, 2017.	Our audit procedures included the following: • Considering the management's process to identify the necessary amendments required in the Company's financial statements. • Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business. • Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the accompanying financial statements based on the new requirements.

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

Management is responsible for the other information. The other information comprises the information in the annual report including, in particular, the Chairman's Review, Director's Report, Financial and Business Highlights, Graphical Representation and Horizontal and Vertical Analysis of Financial Statements, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) Because of the matters described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) however, the same are in agreement with the books of account and returns;

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

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

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Faisal Nini.

CHARTERED ACCOUNTANTS

Place: Karachi 06 OCT 2018

Dated:

ISHTIAQ TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018	2017 *Restated*	2016 *Restated*
ASSETS			(Rupees)	
NON-CURRENT ASSETS				
Property, plant and equipment	6	195,027,277	208,745,866	192,567,585
Long term deposits		–	696,700	786,300
Claim for penalty and other charges recoverable	7	39,298,709	39,298,709	39,298,709
		234,325,986	248,741,275	232,652,594
CURRENT ASSETS				
Stores, spares and loose tools	8	6,322,282	8,136,967	9,738,160
Stock in trade	9	564,578	4,752,957	33,917,637
Trade debts - Unsecured	10	5,767,286	9,625,234	12,392,726
Advances, deposits and prepayments	11	786,632	1,428,284	1,912,997
Advance income tax - Net	12	3,739,621	3,742,249	3,066,278
Cash and bank balances	13	1,380,433	5,819,901	589,732
		18,560,832	33,505,592	61,617,530
		252,886,818	282,246,867	294,270,124
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
5,000,000 (2017: 5,000,000) Ordinary shares of Rs.10/- each		50,000,000	50,000,000	50,000,000
Issued, subscribed and paid-up share capital	14	42,500,000	42,500,000	42,500,000
Revenue reserve				
Accumulated losses		(165,082,157)	(132,079,520)	(106,406,513)
Capital reserve				
Surplus on revaluation of property, plant and equipment	15	100,619,537	107,092,519	91,360,864
		(21,962,620)	17,512,999	27,454,351
NON-CURRENT LIABILITIES				
Subordinated loan - Unsecured	16	74,739,401	68,877,893	63,476,079
Long term finance	17	38,253,762	38,253,762	38,253,762
Loans from related parties - Unsecured	18	9,258,818	8,532,686	7,863,502
Liabilities against assets subject to finance lease	19	–	830,045	1,483,160
Deferred liabilities	20	41,547,079	44,583,031	37,832,492
		163,799,060	161,077,417	148,907,995
CURRENT LIABILITIES				
Trade and other payables	21	34,524,720	28,016,785	27,961,307
Short term borrowings	22	71,133,586	70,736,473	85,636,456
Mark-up accrued	23	3,872,612	4,111,897	3,552,242
Unclaimed dividend		37,300	37,300	37,300
Current and overdue portion of lease liability	19	1,482,160	753,996	720,473
		111,050,378	103,656,451	117,907,778
CONTINGENCIES AND COMMITMENTS	24	–	–	–
		252,886,818	282,246,867	294,270,124

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

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

ISHTIAQ TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018	2017 *Restated*
		(Rupees)	
Sales - Net	25	3,616,000	35,505,223
Cost of sales	26	(28,220,959)	(50,665,826)
Gross loss		(24,604,959)	(15,160,603)
Distribution cost	27	(46,448)	(992,720)
Administrative expenses	28	(2,232,026)	(5,964,111)
Other expenses	29	(7,211,874)	(2,289,701)
		(9,490,348)	(9,246,532)
Operating loss		(34,095,307)	(24,407,135)
Finance cost	30	(8,243,264)	(8,861,499)
Loss before taxation		(42,338,571)	(33,268,634)
TAXATION			
Current year		(45,200)	(355,052)
Deferred tax		2,908,152	2,464,710
	31	2,862,952	2,109,658
Loss for the year		(39,475,619)	(31,158,976)
Loss per share - Basic and diluted	32	(9.29)	(7.33)

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

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

ISHTIAQ TEXTILE MILLS LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017 *Restated*
	(Rupees)	
Loss for the year	(39,475,619)	(31,158,976)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Surplus on revaluation of property, plant and equipment	–	30,076,267
Related deferred tax	–	(8,858,643)
	–	21,217,624
Items that will not be subsequently reclassified to profit or loss:	–	–
Total comprehensive loss for the year	(39,475,619)	(31,158,976)

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

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

ISHTIAQ TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Issued, subscribed and paid-up share capital	Revenue reserve: Accumulated losses	Capital reserve: Surplus on revaluation of property, plant and equipment	Total
	(Rupees)			
Balance as on 1 July 2016 - *As reported*	42,500,000	(105,284,977)	–	(62,784,977)
Impact of change in accounting policy - Net of tax (Note 5.14	–	(1,121,536)	91,360,864	90,239,328
Balance as on 1 July 2016 - *As restated*	42,500,000	(106,406,513)	91,360,864	27,454,351
Total comprehensive loss for the year:				
Loss for the year	–	(31,158,976)	–	(31,158,976)
Other comprehensive income	–	–	21,217,624	21,217,624
	–	(31,158,976)	21,217,624	(9,941,352)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	–	5,485,969	(5,485,969)	–
Balance as on 30 June 2017 - *As restated*	42,500,000	(132,079,520)	107,092,519	17,512,999
Total comprehensive loss for the year:				
Loss for the year	–	(39,475,619)	–	(39,475,619)
Other comprehensive income	–	–	–	–
	–	(39,475,619)	–	(39,475,619)
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	–	6,472,982	(6,472,982)	–
Balance as at 30 June 2018	42,500,000	(165,082,157)	100,619,537	(21,962,620)

The annexed notes form an integral part of these financial statements

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

ISHTIAQ TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018	2017 Restated
		------------ (Rupees) ------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(42,338,571)	(33,268,634)
Adjustment for non-cash items			
Depreciation	6	13,718,589	13,897,986
Provision for gratuity	20.1	–	391,538
Provision for obsolescence and slow moving stores and spares	28	1,814,685	1,601,193
Long term deposits written-off	28	–	89,600
Advance to staff written-off	28	1,316,560	44,000
Provision against doubtful debts	29	2,873,710	–
Finance cost		1,655,624	2,790,501
Unwinding of discount	30	6,587,640	6,070,998
Cash flows before working capital changes		(14,371,763)	(8,382,818)
WORKING CAPITAL CHANGES			
Decrease / (increase) in current assets			
Stock in trade		4,188,379	29,164,680
Trade debts		984,238	2,767,492
Advances, deposits and prepayments		21,792	440,713
Increase / (decrease) in current liabilities			
Trade and other payables		6,507,935	55,478
		11,702,344	32,428,363
Cash (used in) / generated from operations		(2,669,419)	24,045,545
Payment for:			
Finance cost		(1,894,909)	(2,230,846)
Gratuity paid	20.1	(127,800)	(34,932)
Tax paid		(42,572)	(1,031,023)
Net cash (outflows) / inflows from operating activities		(4,734,700)	20,748,744
CASH FLOWS FROM INVESTING ACTIVITIES		–	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from related parties - Net		145,000	1,085,000
Liabilities against assets subject to finance lease		(101,881)	(618,592)
Net cash inflows from financing activities		43,119	466,408
Net (decrease) / increase in cash and cash equivalents		(4,691,581)	21,215,152
Cash and cash equivalents at beginning of the year		(14,180,099)	(35,395,251)
Cash and cash equivalents at the end of year	33	(18,871,680)	(14,180,099)

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

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

ISHTIAQ TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 STATUS AND NATURE OF BUSINESS

1.1 Ishtiaq Textile Mills Limited was incorporated in Pakistan under repealed Companies Ordinance, 1984 on 15 May 1986 as a public limited company. Its shares are quoted on the Karachi and Lahore Stock Exchanges (now Pakistan Stock Exchange) and it is principally engaged in the manufacture and sale of yarn.

The geographical location and address of Company's business units including plant is as under:

- Registered office of the company is situated at 155, North Napier Road, Karachi.
- The Company has its production facilities at B-27 S.I.T.E area Nooriabad, District Jamshoro.

1.2 During the year ended June 2012, the company received notices from Karachi Stock Exchange (Guarantee) Limited (KSE) in respect of its inability to join Central Depository Company (CDC) after its securities have been declared eligible securities by the CDC. Since the Company was unable to rectify the aforementioned default, therefore it was placed on defaulters' counter of KSE and trading of its shares was suspended. During the pervious year a notice no. KSE / N-4026 dated 4 September 2012 was received from KSE for proposed delisting on account of aforementioned continued default under regulation no. 30 (1) (g). The proposed delisting

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

3 GOING CONCERN ASSUMPTION

The financial statements of the Company for the year ended 30 June 2018 reflect that Company has sustained a net loss after taxation of Rs.39.476 million (2017: Rs.31.159 million) and as of that date it has accumulated losses of Rs.165.082 million (2017: Rs.132.080 million) which have eroded its capital by Rs.21.963 million and its current liabilities exceeded its current assets by Rs.92.490 million (2017: Rs.70.151 million). Furthermore, the operations of the Company are closed since February 2016. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern and therefore the company may not be able to realize its assets and discharge its liabilities in the normal course of business. The financial statement has been prepared under going concern assumption as the conditions are temporary and would reverse, as the loss was mainly due to textile demands reduced in international market which resultantly reduced the demand in local market and it is expected that the Government will take some measures to improve the economical condition of textile sector. Furthermore, the company's does not face any liquidity problems, as it has the ability to arrange the unsecured, interest free borrowings from its associated concern as and when required hence mitigate the risks involved, therefore the preparation of these financial statements using the going concern assumption is justified.

4 BASIS OF PREPARATION

4.1 Statement of compliance

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

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

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

4.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except the obligation in respect of gratuity fund which is measured at present value.

4.3 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

4.3.1 New standards, Interpretations and amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

- IAS 7 - Statement of Cash Flows- Disclosure Initiative - (Amendment)

- IAS 12 Income Taxes- Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

4.3.2 Amendments to approved accounting standards and interpretations which are effective during the year ended 30 June 2018

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (note 6.3), treatment of surplus on revaluation of fixed assets (note 15), management's assessment of sufficiency of tax provision in the financial statements (note 31.3), additional disclosure requirements for related parties (note 34).

The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended 30 June 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

4.3.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on
IFRS 2 - Share Based Payments- Classification and Measurement of Share Based Payment Transactions (Amendments)	1 January 2018
IFRS 9- Financial Instruments	1 July2018
IFRS 9- Prepayment Features with Negative Compensation- (Amendments)	1 January 2018
IFRS 10- Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15- Revenue from Contracts with Customers	1 July2018
IFRS 16- Leases	1 January 2019
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts- (Amendments)	1 January 2018
IAS 40- Investment Property: Transfers of Investment Property (Amendments)	1 January 2018
IAS 19- Plan Amendment, Curtailment or Settlement (Amendments)	1 January 2019
IAS 28- Long-term Interests in Associates and Joint Ventures - (Amendments)	1 January 2019
IFRIC 22- Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23- Uncertainty over Income Tax Treatments	1 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 - Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 14- Regulatory Deferral Accounts	1 January 2016
IFRS 17- Insurance Contracts	1 January 2021

4.4 Functional and presentation currency

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

4.5 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognised in the financial statements are as follows:

4.5.1 Operating fixed assets, revaluation and depreciation

The Company reviews appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation. The estimates of revalued amounts of revalued assets are based on valuations carried out by a professional valuer. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

4.5.2 Trade debts and amount due from related parties

The Company reviews its doubtful debts at each reporting dates to access whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

4.5.3 Income tax

In making the estimates for income tax currently payable by the Company, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

4.5.4 Stock in trade

The Company reviews the net realizable value (NRV) of stock in trade to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

4.5.5 Stores and spares

The Company reviews the net realizable value (NRV) and impairment of stores and spare parts to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The calculation of provision involves the use of estimates with regards to future estimated use and past consumption along with stores and spares holding period.

4.5.6 Staff retirement benefits

Certain actuarial assumptions have been used as disclosed in these financial statements (note 8) for the actuarial valuation of unfunded gratuity scheme. Changes in these assumptions in future years may effect the liability under this scheme in those years.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been applied consistently except as stated in note 5.14 to the financial statements.

5.1 Property, plant and equipment

Owned

Item of property, plant and equipment is recognized as asset when it is probable that future economic benefits associated with the asset will flow to the company and its cost to the company can be measured reliably.

An item of property, plant and equipment, which qualifies for recognition as an asset, is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent to initial recognition items of property, plant and equipment are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date.

Any revaluation increase arising on the revaluation of assets is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of assets is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revalued assets to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

During the year the Company changed its accounting policy in respect of the accounting and presentation of revaluation surplus on property, plant and equipment. Previously, the Company's accounting policy was in accordance with the provisions of repealed Companies Ordinance, 1984. Those provisions and resultant previous policy of the company was not in alignment with the accounting treatment and presentation of revaluation surplus as prescribed in the IFRS. However, the Companies Act, 2017 has not specified any accounting treatment for revaluation surplus, accordingly the Company has changed the accounting policy and is now following the IFRS prescribed accounting treatment and presentation of revaluation surplus. The detailed information and impact of this change in policy is provided in note 5.14 to the financial statements..

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation is charged on a systematic basis over the useful lives of the assets on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the company, at the rates specified in note 6. Depreciation is charged from the quarter in which the assets are put to use while no depreciation is charged in the quarter in which the assets are disposed off.

Maintenance and normal repairs are charged to income currently. Major renewals and improvement are capitalized and assets so replaced, if any, are retired.

Revaluation for assets carried at revalued amount is carried out on evidence of significant variation in relation to the fair value of assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

5.2 Stores, spares and stock in trade

These are valued at lower of cost and net realizable value. The cost is determined as follows:

Stores, spare and loose tools	- Average cost
Raw material	- Average cost
Goods in transit	- Cost comprising invoice values plus other charges incurred thereon.
Work in process	- Prime cost plus appropriate potion of manufacturing overheads.
Finished goods	- Average cost
Waste	- At net realizable value

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

5.3 Trade and other receivables

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts, if any. An estimate for doubtful debts is made when collection of amount is no longer probable. Bad debts are written off when they are no longer recoverable. Other receivables are recognized and carried at cost.

5.4 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprises of cash and bank balance, net of short term running finances.

5.5 Employees benefits

The Company operates an unfunded Gratuity Scheme (the Plan) for eligible employees of the Company. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income..

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in profit and loss account.

5.6 Trade and other payables

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

5.7 Taxation

Current

Provision for current taxation is based on current rates of tax after taking into account tax credits an rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets arising due to unused tax losses and tax credits are recognized to the extent that it is probable that taxable profit will be available against which the said unused tax losses and tax credits can be used.

Deferred tax is calculated based on tax rates that have been enacted or substantively enacted upto the balance sheet date and are expected to apply to the period when the differences reverse. Deferred tax is charged or credited to the current year income.

5.8 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred, except to the extent that these are directly attributable to the construction of a qualifying assets in which case these are capitalized as part of the cost of that asset.

5.9 Revenue recognition

Sales are recorded on dispatch of goods to customers.

5.10 Provisions

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

5.11 Foreign currency transactions

Transactions in foreign currencies are recorded using the rates of exchange prevailing at the date of transaction. Assets and liabilities in foreign currencies are translated into Rupee at the exchange rate approximating those prevailing at the balance sheet date, except where forward exchange contracts have been entered into for repayment of liabilities, in which case, the rates contracted for is used.
All other exchange difference are taken to profit and loss account.

5.12 Related party transactions

Transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled price method except use of registered office premises of the company owned by an associated undertaking free of any charge for the time being.

5.13 Financial instruments

5.13.1 Recognition

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account currently.

5.13.2 Off setting of financial assets and liabilities

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

5.13.3 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the profit and loss account.

5.14 Change in accounting policy

Surplus on revaluation of property, plant and equipment

Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance 1984. Further, the revaluation of property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance 1984.
However, in the Companies Act 2017 the above mentioned specific accounting and presentation requirements of surplus on revaluation of property, plant and equipment have not been carried forward. This change has impacted the accounting policy of the Company related to surplus on revaluation of property, plant and equipment, and now the Company is following the accounting treatment and presentation of surplus on revaluation of property, plant and equipment, prescribed in IAS-16 'Property, plant and equipment' as follows:
Any revaluation increase arising on the revaluation of property, plant and equipment is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation surplus to the extent of incremental depreciation charged (net of deferred tax) is transferred to accumulated loss.

The change in accounting policy has been applied retrospectively, and comparative figures have been restated. Had the policy not been changed, the shareholders' equity would have been lower by Rs.100.620 million (2017: Rs.107.093 million and as of 01 July 2016: Rs.91.361 million), the comprehensive income for comparative period would have been lower by Rs.6.283 million.

	2018	2017
	(Rupees)	

6 PROPERTY, PLANT AND EQUIPMENT

	2018	2017
Operating fixed assets - At cost less accumulated depreciation	195,027,277	208,745,866

2018

PARTICULARS	COST / REVALUATION			DEPRECIATION			Written down value as on 30 June 2018	Rate %
	As at 1 July 2017	Additions during the year	As on 30 June 2018	As at 1 July 2017	Charge for the year	As on 30 June 2018		
	(Rupees)							
Owned:								
Leasehold land	16,500,000	–	16,500,000	–	–	–	16,500,000	–
Factory building on leasehold land	159,255,955	–	159,255,955	80,003,123	5,547,698	85,550,821	73,705,134	7
Labour quarters on leasehold land	25,801,883	–	25,801,883	18,230,479	529,998	18,760,477	7,041,406	7
Plant and machinery	388,916,387	–	388,916,387	285,837,220	7,215,542	293,052,762	95,863,625	7
Factory equipment	583,442	–	583,442	361,014	22,243	383,257	200,185	10
Office equipment	447,465	–	447,465	377,427	7,004	384,431	63,034	10
Furniture and fixture	464,060	–	464,060	434,132	2,993	437,125	26,935	10
Vehicles	2,300,690	–	2,300,690	1,914,001	77,338	1,991,339	309,351	20
Electric fittings	1,869,335	–	1,869,335	1,768,034	10,130	1,778,164	91,171	10
Computers	39,500	–	39,500	31,776	772	32,548	6,952	10
	596,178,717	–	596,178,717	388,957,205	13,413,718	402,370,923	193,807,793	
Leased:								
Vehicles	3,721,570	–	3,721,570	2,197,215	304,871	2,502,086	1,219,484	20
TOTAL	599,900,287	–	599,900,287	391,154,420	13,718,589	404,873,009	195,027,277	

2017

PARTICULARS	COST / REVALUATION				DEPRECIATION			Written down value as on 30 June 2017	Rate %
	As at 1 July 2016	Additions during the year	Revaluation during the year	As on 30 June 2017	As at 1 July 2016	Charge for the year	As on 30 June 2017		
	(Rupees)								
Owned:									
Leasehold land	15,000,000	–	1,500,000	16,500,000	–	–	–	16,500,000	–
Factory building on leasehold land	119,619,739	–	39,636,216	159,255,955	75,084,457	4,918,666	80,003,123	79,252,832	7
Labour quarters on leasehold land	23,456,953	–	2,344,930	25,801,883	17,726,132	504,347	18,230,479	7,571,404	7
Plant and machinery	402,321,266	–	(13,404,879)	388,916,387	277,887,943	7,949,277	285,837,220	103,079,167	7
Factory equipment	583,442	–	–	583,442	336,300	24,714	361,014	222,428	10
Office equipment	447,465	–	–	447,465	369,645	7,782	377,427	70,038	10
Furniture and fixture	464,060	–	–	464,060	430,807	3,325	434,132	29,928	10
Vehicles	2,300,690	–	–	2,300,690	1,817,329	96,672	1,914,001	386,689	20
Electric fittings	1,869,335	–	–	1,869,335	1,756,778	11,256	1,768,034	101,301	10
Computers	39,500	–	–	39,500	30,918	858	31,776	7,724	10
	566,102,450	–	30,076,267	596,178,717	373,440,308	13,516,897	388,957,205	207,221,511	
Leased:									
Vehicles	3,721,570	–	–	3,721,570	1,816,126	381,089	2,197,215	1,524,355	20
TOTAL	569,824,020	–	30,076,267	599,900,287	375,256,434	13,897,986	391,154,420	208,745,866	

		2018	2017
		(Rupees)	

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

		2018	2017
Cost of sales	26.1	13,325,611	13,408,260
Administrative expenses	28	392,978	489,726
		13,718,589	13,897,986

6.2 Had there been no revaluation, the carrying amounts of the revalued assets would have been as follows:

	2018	2017
	(Rupees)	
Leasehold land	1,878,666	1,878,666
Factory building on leasehold land	4,535,013	4,876,358
Labour quarters on leasehold land	90,460	97,269
Plant and machinery	42,252,923	45,433,251
	48,757,062	52,285,544

6.3 Immovable property (i.e. leasehold land, factory building on leasehold land and labour quarters on leasehold land) is situated at B-27, S.I.T.E Area Nooriabad, District Jamshoro. This comprises of land with an accumulated area of 15 acres and building accumulated 161,248.76 square feet.

6.4 The forced sale value of the revalued property, plant and equipment owned by the Company had been assessed at Rs.177.938 million.

6.5 No impairment relating to operating fixed assets was identified in the current year.

7 CLAIM FOR PENALTY AND OTHER CHARGES RECOVERABLE

	Note	2018	2017
Claim for penalty and other charges recoverable	7.1	39,298,709	39,298,709

7.1 The State Bank of Pakistan (SBP) Charged Rs.39.299 million as penalty against shortfall in export as more fully explain in note 24.1 in the financial statements.

8 STORES, SPARES AND LOOSE TOOLS

	Note	2018	2017
Stores		3,853,114	3,853,114
Spares parts		4,201,443	4,201,443
Loose tools		2,620,062	2,620,062
		10,674,619	10,674,619
Provision for obsolescence and slow moving stocks	8.1	(4,352,337)	(2,537,652)
		6,322,282	8,136,967

8.1 Provision for obsolescence and slow moving stocks

	Note	2018	2017
Opening balance		2,537,652	936,459
Provision during the year	28	1,814,685	1,601,193
Closing balance		4,352,337	2,537,652

9 STOCK IN TRADE

	Note	2018	2017
Packing material		2,219,632	2,219,632
Finished goods		-	3,068,893
Waste stock		19,340	19,340
		2,238,972	5,307,865
Provision for obsolescence and slow moving stocks	9.1	(1,674,394)	(554,908)
		564,578	4,752,957

		2018	2017
		(Rupees)	

9.1 Provision for obsolescence and slow moving stocks

	Note	2018	2017
Opening balance		554,908	--
Provision during the year	28	1,119,486	554,908
Closing balance		1,674,394	554,908

10 TRADE DEBTS - Unsecured

	Note	2018	2017
Considered good		5,767,286	9,625,234
Considered doubtful		2,873,710	--
		8,640,996	9,625,234
Provision against doubtful debts	29	(2,873,710)	--
		5,767,286	9,625,234

11 ADVANCES, DEPOSITS AND PREPAYMENTS

	2018	2017
Advances to suppliers - Unsecured	--	1,316,560
Lease deposit	696,700	--
Prepaid insurance	89,932	111,724
	786,632	1,428,284

12 ADVANCE INCOME TAX - Net

	2018	2017
Opening balance	3,742,249	3,066,278
Advance tax paid / deducted during the year	42,572	1,031,023
Provision of taxation during the year	(45,200)	(355,052)
	3,739,621	3,742,249

13 CASH AND BANK BALANCES

	2018	2017
Cash in hand	1,199,320	680,644
Cash at banks - Current accounts	181,113	5,139,257
	1,380,433	5,819,901

14 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2018	2017
4,250,000 (2017: 4,250,000) Ordinary share of Rs.10/- each fully paid in cash	42,500,000	42,500,000

15 SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT

	Note	2018	2017
Opening balance		107,092,519	91,360,864
Surplus arising due to revaluation during the year	6	--	30,076,267
Related deferred tax liability		--	(8,858,643)
Transfer to accumulate losses on account of incremental depreciation for the year - Net of tax		(6,472,982)	(5,485,969)
		100,619,537	107,092,519

15.1 The factory land, factory building, labour quarter and plant and machinery owned by the Company has further been revalued at 24 October 2016 by an independent revaluer M/s. Sardar Enterprises, using prevailing market value being the basis of revaluation. Such revaluation resulted in net increase in surplus by Rs.30.076 million.

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

	Note	2018	2017
		(Rupees)	
16 SUBORDINATED LOAN - Unsecured			
At amortized cost			
Directors		70,384,750	70,384,750
Associated concern		62,000,000	62,000,000
		132,384,750	132,384,750
Present value adjustment		(78,474,597)	(78,474,597)
Interest charged to profit and loss account		20,829,248	14,967,740
		74,739,401	68,877,893

16.1 The above loans are interest free and unsecured. These above loans shall be treated as subordinated to the principal amounts of all debts of the Company from time to time owing to the banks and financial institutions and accordingly may only be repaid by the Company in whole or in part provided that upon such repayment, the Company shall comply with the debt to equity ratio requirements of the Prudential Regulations of State Bank of Pakistan as applicable to the Company for the time being.

The above loans have been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and have been discounted using the weighted average interest rate of 8.01% (2017: 8.01%) per annum. These loans are repayable in lump sum on 30 June 2025.

17 LONG TERM FINANCE

	Note	2018	2017
Forced loan from a bank - Unsecured	17.1	38,253,762	38,253,762

17.1 MCB Bank Limited extended forced loan Rs.38.254 million to meet penalty charged by State Bank of Pakistan (SBP) against shortfall in export under "Pay-As-You-Earn" Scheme as more fully explained in note 24.1 in the financial statements.

18 LOAN FROM RELATED PARTIES - Unsecured

	2018	2017
At amortized cost		
Associated concern		
M/s. Dewan Shipping Lines Limited	15,200,000	15,200,000
Ex-director		
Dewan M. Furqan Farooqui (Late)	1,200,000	1,200,000
	16,400,000	16,400,000
Present value adjustment	(9,721,538)	(9,721,538)
Interest charged to profit and loss account	2,580,356	1,854,224
	9,258,818	8,532,686

18.1 The above loans have been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and have been discounted using the weighted average interest rate of 8.01% (2017: 8.01%) per annum. These interest free loans are repayable in lump sum on 30 June 2025.

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	30 June 2018		30 June 2017	
	Lease payments		Lease payments	
	Minimum	Present value	Minimum	Present value
	(Rupees)		(Rupees)	
Less than one year	1,530,137	1,482,160	816,774	753,996
Within one to five years	–	–	830,045	830,045
Total	1,530,137	1,482,160	1,646,819	1,584,041
Less: Financial charges allocated to the future periods	47,977	–	62,778	–
Present value of minimum lease payments	1,482,160	1,482,160	1,584,041	1,584,041
Less: Current and overdue portion transferred to current liabilities	1,482,160	1,482,160	753,996	753,996
	–	–	830,045	830,045

The Company entered into lease agreement with Bank Alfalah Limited to acquire vehicle. The rentals under lease agreement are payable monthly up to the period ending July 2018 and mark-up rates 3 month KIBOR plus 2 % per annum have been used as discounting factors. The Company intends to exercise its option to purchase the leased assets at their residual value upon the completion of respective lease period.

20 DEFERRED LIABILITIES

		2018	2017
		(Rupees)	
Deferred liability for staff gratuity	20.1	2,910,205	3,038,005
Deferred taxation	20.2	38,636,874	41,545,026
		41,547,079	44,583,031

20.1 Movement in deferred liability for staff gratuity

		2018	2017
Opening balance		3,038,005	2,681,399
Payment during the year		(127,800)	(34,932)
		2,910,205	2,646,467
Charge for the year	20.1.1	–	391,538
		2,910,205	3,038,005

20.1.1 Charge for the year

	2018	2017
Current service cost	–	294,967
Interest cost	–	96,571
	–	391,538

20.1.2 Principal actuarial assumption

	2018	2017
Expected rate of increase in salaries	6.25% per annum	6.25% per annum
Discount factor used	7.25% per annum	7.25% per annum
Average expected remaining working life of employees	7 years	7 years

35

	2018	2017
	(Rupees)	
20.1.3 Sensitivity analysis		
Discount rate + 100 bps	1,377,774	1,438,278
Discount rate - 100 bps	1,647,933	1,720,301
Salary increase + 100 bps	1,518,369	1,518,369
Salary increase - 100 bps	1,267,391	1,267,391

20.2 Deferred taxation

Deferred tax credit arising due to:		
- accelerated tax depreciation	12,172,703	13,226,083
- revaluation net of related depreciation	38,636,874	41,545,026
Deferred tax (debits) arising out of:		
- lease liability	(78,803)	(18,503)
- Staff gratuity	(873,062)	(941,782)
- Provision for slow moving stocks	(1,808,019)	(958,694)
- Unused tax losses and available tax credits	(40,260,694)	(35,163,340)
	7,788,999	17,688,790
Asset not recognized	30,847,875	23,856,236
	38,636,874	41,545,026

Deferred tax asset arising due to unused tax losses and available tax credits has not been recognized as it is not probable that sufficient taxable profit will be available against which the unused tax losses and tax credits can be used.

21 TRADE AND OTHER PAYABLES

Trade creditors		15,068,236	15,068,236
Accrued liabilities		16,468,674	12,765,573
Payable to Hyderabad Electric Supply Company (HESCO)	21.1	2,860,452	--
Withholding tax payable		127,358	92,976
Advance from customers		--	90,000
		34,524,720	28,016,785

21.1 During the year under consideration, a settlement has been made against the electricity bills at Rs.6,210,452. The Company has paid an amount of Rs.3.350 million and remaining reported as payable to HESCO.

The Company has filed an appeal in the High Court of Sindh at Hyderabad against the judgement passed by the Additional District Judge Kotri in respect of an illegal and unlawful electricity bill amounting to Rs.14.559 million served during 1999. Previously, the Honourable High Court, upon an appeal filed by the Company, referred the matter to Electric Inspector Hyderabad. The Electric Inspector reduced the amount of bill to Rs. 3 million, which was not acceptable neither to the Company nor the HESCO, hence both filed their respective appeals before Secretary Power.

During the year under consideration, out of court settlement has been reached at a sum of Rs.6.050 million between the Company and HESCO. The Company has paid Rs.2.5 million at the time of settlement and the remaining amount will be paid in installments on monthly basis.

		2018	2017
		(Rupees)	

22 SHORT TERM BORROWINGS

From banking companies - Secured			
Running finance	22.1	20,000,000	20,000,000
From related parties - Unsecured	22.2	50,881,473	50,736,473
Temporary book overdraft - Unsecured, interest free		252,113	-
		71,133,586	70,736,473

22.1 The Company has obtained running finance facility from Faysal Bank Limited up to a maximum limit of Rs.25 million (2017: Rs.25 million). The facility carry mark-up @ 12% per annum over 3 months Kibor (2017: @ 12% per annum over 3 months Kibor) payable quarterly in arrears and is secured against ranking hypothecation charge over stock and book debts of the Company and personal guarantee of directors.

22.2 These represents unsecured, interest free borrowings from related parties (M/s. Dewan Steel Mills and M/s. Dewan sons) for working capital requirements.

23 MARK-UP ACCRUED

Accrued mark up on short term secured borrowings	247,974	753,387
Guarantee commission payable	3,576,661	3,343,709
Lease finance	47,977	14,801
	3,872,612	4,111,897

24 CONTINGENCIES AND COMMITMENTS

24.1 The State Bank of Pakistan (SBP) Charged Rs.39.299 million as penalty @ 27% against shortfall in export under "Pay-As-You-Earn" scheme and penal interest @ 9% amounting to Rs.1.045 million thereon for the period from 1989-90 to 1995-96. On failure of appeal filed with the SBP & other Government Ministries against the levy of said penalty the Company filed suit in Sind High Court against the SBP challenging the levy of penalty. The Honourable Single Bench of the Sindh High Court through order dated 14th June 2008 decided the suit in favour of the Company and declared the levy of penalty as ultravires. The SBP filed a review petition with a Division Bench of the Honourable Sind High Court against the said judgment, which has been dismissed on 17-01-2013 and a short order to the effect of same was issued, however detailed order is still awaited. The SBP has now filed an appeal before Honourable Supreme Court of Pakistan against the order of Division Bench of Honourable High Court, which is pending as the detailed order of Division Bench of Hon'able Sindh High Court is awaited. The Management of the Company is quite confident that the SBP's appeal will be rejected and the decision of the Single Bench will be maintained based on decision in various other suits on similar issue. Furthermore, appeal filed by SBP in Supreme Court of Pakistan against the Judgments passed by Honourable Sindh High Court and Lahore High Court on other cases of similar issue, have been rejected by Honourable Supreme Court of Pakistan (SC) vide its Order dated 26 October 2009 wherein SC maintained the decisions of Sindh and Lahore High Courts which were decided against SBP.

24.2 Claims not acknowledged as debt amounts to Rs.12.703 million. This amount represents mark-up charged on forced loan created by MCB Bank Ltd as stated in note 24.1. Since as per Hon'able High Court's order the penalty is ultravires, therefore, management is of the opinion that the consequent mark-up is also ultravires and unjustified. Based on judgment of Honourable Supreme Court as referred in note 24.1 above, the management's contention is further strengthened.

24.3 Bank guarantees amounting to Rs.14.628 million (2017: Rs.14.628 million) have been issued by the company's bankers to various parties on behalf of the Company.

		2018	2017
		(Rupees)	

25 SALES - Net

		2018	2017
Gross sales			
Yarn		3,616,000	9,301,300
Waste		--	191,487
Raw cotton		–	26,012,436
		3,616,000	35,505,223

26 COST OF SALES

		2018	2017
Opening finished goods		3,088,233	11,855,152
Cost of goods manufactured	26.1	25,152,066	41,898,907
		28,240,299	53,754,059
Closing finished goods		(19,340)	(3,088,233)
		28,220,959	50,665,826

26.1 Cost of goods manufactured

		2018	2017
Raw material consumed / sold		--	19,842,853
Depreciation	6.1	13,325,611	13,408,260
Fuel, power and water		7,892,058	2,241,023
Salaries, wages and other benefits	26.2	3,230,113	4,784,479
Insurance expenses		381,830	1,005,707
Rent, rates and taxes		173,500	173,500
Vehicle running expenses		69,994	37,551
Stores and spares consumed		43,960	405,534
Repair and maintenance		35,000	–
		25,152,066	41,898,907

26.2 Salaries, allowances and other benefits include Rs.Nil (2017: Rs.346,755/-) in respect of staff retirement

27 DISTRIBUTION COST

		2018	2017
Advertisement		34,000	102,300
Cartage on yarn		10,000	40,900
Brokerage on yarn sale		2,208	849,110
Weighing charges		240	410
		46,448	992,720

28 ADMINISTRATIVE EXPENSES

		2018	2017
Salaries, allowances and other benefits	28.1	922,730	2,057,304
Depreciation	6.1	392,978	489,726
Auditor's remuneration	28.2	375,000	375,000
General expenses		146,042	584,595
Property tax		130,080	99,630
Printing and stationery		80,200	103,200
Fees and subscription		69,705	137,725
Postage, telegram and telephone		46,700	99,408
Utilities charges		34,121	52,185
Traveling and conveyance		27,920	30,830
Entertainment		6,550	18,718
Legal and professional charges		–	1,915,790
		2,232,026	5,964,111

28.1 Salaries, allowances and other benefits include Rs.Nil (2017: Rs.44,783/-) in respect of staff retirement benefits.

	2018	2017
	(Rupees)	
28.2 Auditor's remuneration		
Audit fee	300,000	300,000
Half yearly review	75,000	75,000
	375,000	375,000

29 OTHER EXPENSES

Provision against doubtful debts	10	2,873,710	–
Provision for obsolescence and slow moving stores and spares	8.1	1,814,685	1,601,193
Provision for obsolescence and slow moving stocks	9	1,119,486	554,908
Advance to suppliers written-off	11	1,316,560	44,000
Advance to staff written-off		87,433	–
Long term deposits written-off		–	89,600
		7,211,874	2,289,701

30 FINANCE COST

Unwinding of discount	6,587,640	6,070,998
Mark-up on short term borrowing	1,309,872	2,360,912
Guarantee commission	232,952	232,952
Mark-up on lease finance	47,977	115,900
Banks and other charges	64,823	80,737
	8,243,264	8,861,499

31 TAXATION

31.1 Status of assessments

The assessments of the company deemed to have been finalized upto tax year 2017.

31.2 Relationship between accounting profit and tax expense for the year

On account of carried forward losses, provision for taxation is based on minimum tax @ 1.25% of the turnover under section 113 of the Income Tax Ordinance, 2001 therefore there is no relationship between accounting profit and tax expense for the year.

Change in applicable income tax rate from 31% to 30% is due to change in relevant Income Tax Laws.

31.3 Management has provided sufficient tax provision in financial statements in accordance with Income Tax Ordinance, 2001. Following is comparison of tax provision as per accounts vis a vis tax assessment for last three years.

	Deemed assessment	Provision
Year 2017	355,052	355,052
Year 2016	–	–
Year 2015	1,392,889	–

	2018	2017
	(Rupees)	

32 LOSS PER SHARE - Basic and diluted

		2018	2017
Loss attributable to ordinary share holder		(39,475,619)	(31,158,976)
		(Number of shares)	
Weighted average number of ordinary shares outstanding during the year		4,250,000	4,250,000
Loss per share - Basic and diluted	(Rupees)	(9.29)	(7.33)

32.1 A diluted earnings per share has not been presented as the company did not have any convertible instruments in issue as at 30 June 2018 and 30 June 2017 which would have any effect on the earnings per shares if the option to convert is exercised.

33 CASH AND CASH EQUIVALENTS

	2018	2017
Cash and bank balances	1,380,433	5,819,901
Short term running finance	(20,000,000)	(20,000,000)
Temporary book overdraft	(252,113)	--
	(18,871,680)	(14,180,099)

34 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise group companies, associated undertakings, directors and key management personnel. Transaction with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:-

Name of the related party	Relationship and percentage shareholding	Transactions during the year	2018	2017
			(Rupees)	
Dewan Steel Mills	Associated company by virtue of common directorship	Receipt of short term borrowings	130,000	935,000
Dewan Sons	Associated company by virtue of common directorship	Receipt of short term borrowings	15,000	150,000

The transaction with associated companies are in the normal course of business and have been entered on an arm's length basis except use of registered office premises of the company owned by an associated undertaking free of any charge for the time being.

No remuneration has been charged in the financial statements in respect of chief executive, directors and executives of the Company.

Balances with related parties are shown in subordinated loans (note 16), long term loans (note 18) and short term borrowings (note 22) to the financial statements.

35 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

35.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primary attributable to its receivables and balances with banks.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2018	2017
	(Rupees)	
Claim for penalty and other charges recoverable	39,298,709	39,298,709
Long term deposits	–	696,700
Trade debts	5,767,286	9,625,234
Advances, deposits and prepayments	696,700	1,316,560
Bank balances	181,113	5,139,257
	45,943,808	56,076,460

Trade debts

The Company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The Company believes that it is not exposed to any major concentration of credit risk as its customers are credit worthy and when there is doubt about the customer's credit worthiness the sales are made through letter of credit and dealing banks possess good credit ratings.

The aging of trade debts at the reporting dates was:

Neither past due nor impaired	–	244,238
More than 6 months	5,767,286	9,380,996
	5,767,286	9,625,234

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts except as provided in the financial statements. The credit quality of the Company's receivable can be assessed with their past performance of no default.

__Credit risk management:__

The company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The company believes that it is not exposed to any major concentration of credit risk as its customers are credit worthy and dealing banks posses good credit ratings.

The company's credit risk is mainly associated with claim receivable from SBP and trade debts. Likelihood of recovery of claim receivable has increased on account of Supreme Court Decision as more fully explained in note 24.1. Based on past experience the management believes that no further impairment allowance is necessary in respect of trade debts and for debts considered doubtful, provision has already been made. The credit quality of the company's receivable can be assessed with their past performance of negligible default. The credit quality of the company's banks can be assessed by their external credit ratings:

Name of bank	Rating agency	Rating	
		Short term	Long term
Bank Al-Habib Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
	JCR-VIS	A-1+	AAA
Faysal Bank Limited	PACRA	A1+	AA
	JCR-VIS	A-1+	AA
Bank Alfalah Limited	PACRA	A1+	AA+
	JCR-VIS	A-1+	AA+

35.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. Further, the liquidity risk is minimized due to company's ability to arrange interest free borrowings from its associated concerns as and when required. The following are the contractual maturities of the financial liabilities, including estimated mark-ups:

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five year
	(Rupees)					
2018						
Non-derivative financial liabilities						
Subordinated loan	74,739,401	74,739,401	–	–	–	74,739,401
Long term financing from bank	38,253,762	38,253,762	–	–	–	38,253,762
Loans from related parties	9,258,818	9,258,818	–	–	–	9,258,818
Liabilities against assets subject to finance lease	1,482,160	1,530,137	1,530,137	–	–	–
Trade and other payables	34,397,362	34,397,362	34,397,362	–	–	–
Mark-up accrued	3,872,612	3,872,612	3,872,612	–	–	–
Short term borrowings	71,133,586	72,028,030	72,028,030	–	–	–
Unclaimed dividend	37,300	37,300	37,300	–	–	–
	233,175,001	234,117,422	111,865,441	–	–	122,251,981
2017						
Non-derivative financial liabilities						
Subordinated loan	68,877,893	68,877,893	–	–	–	68,877,893
Long term financing from bank	38,253,762	38,253,762	–	–	–	38,253,762
Loans from related parties	8,532,686	8,532,686	–	–	–	8,532,686
Liabilities against assets subject to finance lease	1,584,041	1,646,819	466,728	1,180,091	–	–
Trade and other payables	27,833,809	27,833,809	27,833,809	–	–	–
Mark-up accrued	4,111,897	4,111,897	4,111,897	–	–	–
Short term borrowings	70,736,473	71,552,703	71,552,703	–	–	–
Unclaimed dividend	37,300	37,300	37,300	–	–	–
	219,967,861	220,846,869	104,002,437	1,180,091	–	115,664,341

All the financial liabilities of the company are non derivative financial liabilities. The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effect as at 30 June 2018.

35.3 Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The company is exposed to currency and interest rate risk only.

35.3.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exists due to transactions in foreign currencies. Company is exposed to currency risk in respect of its receivables in foreign currencies which amount to Nil as of reporting date.

35.3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company's exposure to the risk of changes in interest rates relates primarily to the following:

	2018	2017
	(Rupees)	
Variable rate instruments at carrying amounts:		
Financial liabilities		
Short term borrowing from banking companies	20,000,000	20,000,000

35.3.3 Fair value sensitivity analysis for fixed rate instruments

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

35.3.4 Cash flows sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss / profit for the year by the amounts shown below:

The effective interest / mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

Effect on loss / profit due to change of 100 BPs

Increase	118,863	214,239
Decrease	118,863	214,239

The effective interest / mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

35.3.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. The carrying values of financial instruments reflected in these financial statements approximate their fair values.

35.3.6 Capital risk management

The company's prime objective when managing capital is to safe guard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

36 NUMBER OF EMPLOYEES

	2018	2017
	(Numbers)	
Number of employees as at 30 June	13	13
Number of factory employees as at 30 June	12	8
Average number of employees during the year	15	15
Average number of factory employees during the year	10	10

37 PLANT CAPACITY AND ACTUAL PRODUCTION

	2018		2017	
	Kgs.	Average Count	Kgs.	Average Count
Actual production at average count	--	20	--	20
Actual production	--	--	--	--
Attainable capacity	4,632,000	20	4,632,000	20
Total number of spindles installed	17,280	--	17,280	--
Total number of spindles worked	17,280	--	17,280	--
Number of shifts worked during the period	--	--	--	--

Installed capacity was under utilized due to scarcity and high price of cotton. The continued depressed market conditions was also one of the factor for under utilization.

38 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified for the purpose of comparison and better presentation, significant restatements are disclosed in note 5.14 in the financial statements. Further, unclaimed dividend has been reclassified from trade and other payables (note 21) and presented on face of statement of financial position.

39 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 06 OCT 2018 in accordance with the resolution of the Board of Directors of the Company.

40 GENERAL

These financial statements are presented in rupees and figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

PATTERN OF SHAREHOLDING
AS ON JUNE 30,2018

Categories of Shareholders	Numbers	Shares Held	Percentage
Associated Companies,Undertakings And Related Parties			
Director's CEO & their spouse and Minor Child	24	3,647,000	85.812%
Dewan Zubair Ahmed Farooqui		431,000	10.141%
Dewan Abu Bakar Farooqui		337,600	7.944%
Dewan Abu Obaida Farooqui		387,800	9.125%
Dewan Abu Saeed Farooqui		367,300	8.642%
Dewan M.Rizwan Farooqui		364,300	8.572%
Dewan M.Emran Farooqui		456,700	10.746%
Dewan M.Rehan Farooqui		464,800	10.936%
Dewan M.Uzair Farooqu		77,100	1.814%
Dewan M.Umair Farooqui		66,400	1.562%
Mst.Karamat Begum		88,500	2.082%
Mrs.Qamer Jehan		73,700	1.734%
Mrs.Shahnaz Farooqui		30,000	0.706%
Mrs.Rubina Farooqui		40,000	0.941%
Mrs.Falak Saeed		77,300	1.819%
Mrs.Alma Farooqui		82,300	1.936%
Mrs.Asma Rehan		12,200	0.287%
Mr.Adil Farooqui		75,150	1.768%
Miss.Amna Farooqui		10,000	0.235%
Miss.Sadia Farooqui		10,000	0.235%
Miss.Alima Farooqui		10,000	0.235%
M.Samad Farooqui		32,350	0.761%
Miss.Hira Farooqui		25,000	0.588%
Miss.Wajiha Farooqui		25,000	0.588%
Miss.Fiza Farooqui		25,000	0.588%
Miss.Samar Farooqui		25,000	0.588%
Master. M.Amir Farooqui		50,000	1.176%
Master. Hasan Imran		2,500	0.059%
Pablic Sector Companies and Corporation Banks,Development Finance Institution Non Banking Finance,Institutionm, Insurance Companies Modarabas and Mutual Funds			
Adamjee Insurance Co. Ltd	1	7,900	0.186%
National Bank of Pakistan Trustee Deptt	1	3,500	0.082%
Investment Corporation of Pakistan	1	3,800	0.089%
Individuals	1,010	587,800	13.831%
	1,037	4,250,000	100.00%

Karachi:

PATTERN OF SHAREHOLDINGS
AS ON JUNE 30, 2018

No. of Shareholders		Shareholdings			Total Share Held
914	From	1	to	100	Shares 91,400
41	From	101	to	500	Shares 15,100
23	From	501	to	1000	Shares 22,300
20	From	1001	to	5000	Shares 61,000
9	From	5001	to	10000	Shares 78,700
5	From	10001	to	15000	Shares 64,800
4	From	20001	to	25000	Shares 100,000
1	From	25001	to	30000	Shares 30,000
2	From	30001	to	35000	Shares 66,850
1	From	35001	to	40000	Shares 40,000
1	From	40001	to	45000	Shares 43,000
1	From	45001	to	50000	Shares 50,000
1	From	65001	to	70000	Shares 66,400
1	From	70001	to	75000	Shares 73,700
3	From	75001	to	80000	Shares 229,550
1	From	80001	to	85000	Shares 82,300
1	From	85001	to	90000	Shares 88,500
1	From	140001	to	145000	Shares 237,500
1	From	165001	to	170000	Shares 337,600
1	From	170001	to	175000	Shares 364,300
1	From	190001	to	195001	Shares 367,300
1	From	230001	to	235000	Shares 387,800
1	From	235001	to	240000	Shares 431,000
1	From	255001	to	260000	Shares 456,100
1	From	265001	to	270000	Shares 464,800
1037	From	Total			4,250,000

Categories	Number of Share Holder	Shares Held	Percentage
Individuals	1034	4,234,800	99.64
Insurance Companies	1	7,900	0.186
Financial Institution	1	3,500	0.082
Investment Companies	1	3,800	0.089
TOTAL	1,037	4,250,000	100.00

FROM OF PROXY
32nd Annual General Meeting

The Company Secretary
Ishtiaq Textile Mills Ltd
155, Napier Road
Karachi

I/WE____________________ son / daughter / wife of ______________________________

Of____ (full address)____________Being

A member of **ISHTIAQ TEXTILE MILLS LIMITED** and holding ______________________

Ordinary Shares as per Registered Folio No./CDC Account Participant's ID No.__________

do hereby appoint_______________________________Folio No/ CDC Account and Participants' ID

No.______________of____

Or failing him/her ______________________________Folio No./CDC Account and Participants'ID

No.______________of ____

Another member of the Company as my/our proxy to vote for me/us and on my/our behalf at the 31st Annual General Meeting of the Company to be held on **Saturday October 27, 2018 at 4.00 P.M** and any adjournments thereof.

As witness my/our hand this______________day of ______________2018.

AFFIX REVENUE STAMP RS. 5/-

SIGNATURE OF MEMBER(S)

(The signature of the shareholder should agree with the specimen signature registered with the Company/Share registrar or as per CNIC/ Passport in case share(s) is / are registered in CED account.

WITNESS:

Signature:	______________	Signature:	______________
Name With:	______________	Name With	______________
CNIC No:	______________	CNIC No:	______________
Address:	______________	Adress:	______________

NOTE:

1. This form of Proxy duly completed must be deposited at the Company's registered office 155, Napier Road Karachi mot later than 48 hours before the time of holding the meeting
2. A Proxy should also be a member of the Company.
3. Shareholders and their proxies must each attach an attested photocopy of their National Identity Card or Passport with this Proxy form.

اشــــتیاق ٹیکســـــــــٹائل ملز لمیٹـــڈ

عام جنرل کی میٹنگ کا نوٹس

نوٹس یہ ہے کہ اس کمپنی کو 32 ویں سالانہ جنرل اجلاس ہفتہ 27 اکتوبر، 2018 4.00 بجے دیوان ہاؤس 155، نیپیر روڈ، کراچی میں مندرجہ ذیل کاروبار میں منتقل کرنے کے لئے منعقد کی جائے گی۔

1 قران کریم کی تلاوت۔

2 اکتوبر، 2017 کو منعقد 31 ویں سالانہ جنرل اجلاس کے منٹ کی تصدیق کرنے کے لئے۔
3 جون، 2018 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ کردہ مالی بیانات پر غور کرنے، غور کرنے اور اپنا اطلاق کرنے کے لیے، ڈائریکٹروں اور آڈیٹروں کی رپورٹ کے ساتھ ساتھ۔

4 بیرونی آڈیٹروں کی تقرری پر غور کرنے اور 30 جون، 2019 تک ختم ہونے والے مالی سال کے لئے ان کی معاوضہ کو ٹھیک کرنے کے لئے

5 چیئر کی اجازت کے ساتھ کسی بھی دوسرے کاروبار۔

کراچی: اکتوبر، 06 2018 بورڈ کے حکم سے
سیکریٹریکمپــــنی عمیر فـــاروقی

نوٹ:

1. کمپنی کا حصول ٹرانسفر کتابیں 20 اکتوبر 2018 سے 27 اکتوبر 2018 تک (جاری رکھیں گے)۔
2. سالانہ جنرل اجلاس میں حصہ لینے کے حقدار ایک رکن ہے جس میں شرکت کرنے کے لئے پراکسی مقرر کرنے اور اجلاس میں اپنی جگہ میں ووٹ دینے کا حق ہے۔ موثر ثابت ہونے کے لئے پراکسیوں کے فارم، موصول ہونے والی کمپنی کے رجسٹرڈ دفتر میں موصول ہونا لازمی ہے اور میٹنگ سے 48 گھنٹوں سے کم نہیں۔

3. اراکین سے درخواست کی جاتی ہے کہ وہ کمپنی کو فوری طور پر ان کے ایڈریس میں کسی بھی تبدیلی سے مطلع کرے۔

اشـــــتیاق ٹیکسـ‍ــــــــــٹائل ملزلمیـــٹڈ

چیرمین کا جائزہ رپورٹ

بورڈ اف ڈائریکٹرز پر مشتمل اہل اور قابل شخص افراد پر متفق علم ہے جو کمپنی کی اہداف کو اپنی صلاحیتوں سے بہتر بنانے میں کامیاب کردار ادا کرتے ہیں.

ای ایس ایچ ٹی ائی تیک ٹیکسٹیکل ملز لمیٹڈ کا بورڈ کا قیام:

دیوان ابو عبدا فاروقی (چیئرمین)

دیوان ابو سعید فاروقی (چیف ایگزیکٹو)

دیوان رضران فاروقی

دیوان امران فاروقی

دیوان راحان فاروقی

دیوان یوزر فاروقی

حسن امران

کمپنی کیے انتظام کے ذمہ دار ہونے والے بورڈ، تمام اہم پالیسیوں اور حکمت عملی کو تشکیل دیتا ہے. بورڈ متعلقہ قوانین اور قواعد و ضوابط کی طرف اشارہ کرتا ہے اور اس کی ذمہ داری، حقوق، ذمہ داریوں اور فرائض کو مقرر اور اس میں مقرر کیا جاتا ہے.

کمپنی کے ڈائریکٹرز کے سالانہ خود تشخیص کئے جاتے ہیں. اس تشخیص کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور تاثرات ماپا اور کمپنی کے مقاصد کے مقاصد کے تناظر میں توقعات کے خلاف بیچ مارے جائیں.

30 جون، 2018 کو ختم ہونے والے مالی سال کے دوران، چار بورڈوں کی میٹنگ منعقد ہوئی. بورڈ اف ڈائریکٹرز بورڈ بورڈ اور اس کی کمیٹی کے اجلاسوں سے قبل پہلے اجناس اور معاون مواد موصول ہوئی. جیف ایگزیکٹو اور دیگر ڈائریکٹر اہم فیصلوں میں مساوات شامل ہیں. جائزہ لینے کے تحت سال کے لئے بورڈ کی مجموعی کارکردگی اور تاثرات اطمینان بخش تھی.

دیوان ابو عبدا فاروقی

چیئرمین

اشـــــتیاق ٹیکســـــــــٹائل ملز لمیٹـــڈ

شــــــیئرداروں کــو ڈائریکـــــٹر کــی رپــورٹ

ڈائرکٹری 30 جون کو 2018 تک ختم ہونے والے سال کے لئے کمپنی کی کارکردگی اور آڈٹ شدہ اکاؤنٹس کی اپنی سالانہ رپورٹ پیش کرنے کے لئے خوش ہیں.

بورڈ کی تشکیل

بورڈ کی تشکیل کارپوریٹ گورننس قواعد کی ضروریات کے مطابق ہے، درج ذیل اداروں پر لاگو 2017 پر لاگو ہے:

ڈائریکٹرز کی کل تعداد

ایک) مرد 7

ب) خواتین -

مرکب:

میں. آزاد ڈائریکٹر -

. ایگزیکٹو ڈائریکٹر 1

غیر ایگزیکٹو ڈائریکٹ6

30 جون 2018 کو ڈائریکٹروں کے نام مندرجہ ذیل ہیں

1) مسٹر دیوان ابو عبدا فاروقی - چیئرمین

2) مسٹر دیوان ابو سعید فاروقی - ڈائریکٹر / چیف ایگزیکٹو افیسر

3) مسٹر دیوان ایم رضوان فاروقی - ڈائریکٹر

4 مسٹر دیوانعمران فاروقی

5) دیوان ایم ریحان فاروقی - ڈائریکٹر

6) دیـوان عـزیر فــــاروقی - ڈائریکٹر

7) مسٹر حسن امران فاروقی - ڈائریکٹر

کمپنی کی بنیادی سرگرمیوں

اشــــتیاق ٹیکســـــــــٹائل ملز لمیٹـــڈ(کمپـــنی) (ITML)

پاکستان میں عوامی محدود کمپنی کے طور پر شامل کیا گیا ہے اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں درج ہے. کمپنی کی پرنسپل سرگرمی مینوفیکچرنگ اور سوت کی فروخت ہے.

اپریشنز کا جائزہ اور

اشـــتیاق ٹیکمـــــــــٹائل ملز لمیٹـــڈ

جنزہ لینے کے تحت سال کے لئے اپ کی کمپنی کے مالیاتی نتائج کو حوصلہ افزانی کی جاتی ہے، جائزہ لینے کے تحت سال کے دوران، کمپنی نے (39،476 ملین) ٹیکس کے نقصان کے بعد ایک 31،159 ملین روپے ٹیکس نقصان کیے مقابلے میں گزشتہ سال کی اسی مدت کے دوران، کمپنی کے کنٹرول سے باہر حالات کی وجہ سے کمپنی کے بند بندوں کی وجہ سے نقصان کی وجہ سے، ہمیں چھوڑ دیا گیا تھا کہ اس کے بغیر کسی عارضی طور پر بند ہونے کے علاوہ کمپنی کے اپریشن بہت مشکل وقت کو برداشت کرنا پڑا۔ ہم مزید یہ کہتے ہیں کہ اپریشن کے خاتمے کے بنیادی سببوں میں سے ایک پورے پاکستان کے سوت برامد میں سخت کمی ہے۔ بہتر پیمانے پر بہتر مشینری اور معیشت کی پیمائش کے ساتھ بڑے پیمانے پر کمپنیاں اس وقت درامد کی کمی کی وجہ سے مقامی مارکیٹ کی فراہمی کر رہی ہیں، اس طرح کے کمپنیوں نے وسط سطحی کمپنیوں کے لئے یہ تقریبا ناممکن بنا دیا ہے جیسے ہمارے مقامی مارکیٹ میں مقابلہ کرنے کے لیے ہمارے مارکیت میں حصہ لینے میں کم از کم ہماری فروخت کی کمی حکومت نے اس شعبے کی استعداد کو بہتر بنانے کے لیے مناسب اقدامات نہیں کیے ہیں؛ ہندوستانی سوت کے ڈمپنگ کی پابندی اور پاکستان کی توانائی کی صورتحال کو بہتر بنانے کی طرح بڑے اقدامات تک تکلیف دہ شعبہ کی حقیقی بحالی ممکن نہیں ہوگی۔

ملک کے موجودہ اقتصادی حالت اور ٹیکسٹائل کے بین الاقوامی مارکیٹ کی روشنی میں، کمپنی کا انتظام امید کرتا ہے کہ پاکستان کی حکومت ٹیکسٹائل کے شعبے کو ٹیکسٹائل کی پیمائش کے لئے کچھ اصلاحی مسودے لے گی اور امید ہے کہ پاکستان کی عالمی معیشت اور معاشی پالیسی زیادہ کاروبار کرے گی۔ دوستانہ

اکاونٹنگ پالیسی میں تبدیلی

موجودہ سال کے مالی بیانات کو جائیداد، پلانٹ اور سامان پر ایوارڈ کے حصے کے طور پر نظر ثانی کی اضافی کی ریکارڈنگ کے لئے اکاونٹنگ پالیسی میں تبدیلی کی وجہ سے بحال کیا گیا ہے۔ یہ تبدیلی اس حقیقت کی وجہ سے ہے کہ کمپنیاں آرڈیننس آرڈیننس، 1984 میں ریڈیولینس اضافی اضافے کی ضرورت ہوتی ہے جو ایک علیحدہ مالیاتی بیان لائن شے کے طور پر درج کی جاتی ہے، کمپنیوں کے ایکٹ، 2017 میں اس کو اگے بڑھایا جاسکتا ہے۔ (IAS-16.)

استعمال کیا گیا ہے، اور موازنہ اعداد و شمار کو بحال کر retrospectivelyاکاونٹنگ پالیسی میں تبدیلی دیا گیا ہے۔ اگر پالیسی تبدیل نہیں ہوتی تو شیئر ہولڈرز کے مساوات میں کم از کم 100.620 ملین روپے (2017: 10 کروڑ روپے، 10 کروڑ 30 لاکھ اور 01 جولائی 2016 تک: 1.1.361 ملین روپے)، موازنہ مدت کے لیے جامع امدنی کم ہوگی 6.283 ملین روپے۔

اشـــــتیاق ٹیکســـــــــــٹائل ملز لمیٹـــڈ

اڈیٹرز کے بارے میں تبصرہ

ا) اڈیٹر نے کمپنی کی صلاحیت، کمپنی کے منفی موجودہ تناسب اور سال کے دوران آپریشن کی بندش کی وجہ سے نقصان کی وجہ سے جاری رکھنے کے بارے میں خدشہ کے طور پر جاری رکھنے کے بارے میں شک کے بارے میں ان کی رپورٹ میں ان مشاہدات کو دے دیا ہے جو تاریخ تک دوبارہ شروع نہیں کیا جاسکتا اس رپورٹ کی. مالیاتی بیان پر تشویش کی تشویش کے تحت تیار کیا گیا ہے کیونکہ شرائط عارضی ہیں اور مجموعی طور پر ٹیکسٹائل انڈسٹری کی بحالی کے لئے حکومت کی جانب سے امدادی امداد پر منحصر ہے. ملوث خطرات کو کم کرنے کے لئے، کمپنی نے بھی متعلقہ جماعتوں سے سودے مفت قرض کا اہتمام کیا ہے، لہذا اس وجہ سے تشویش تشویش کا استعمال کرتے ہوئے مالی بیانات کی تیاری جائز ہے.

ب) امتحانات نے ان کی رپورٹ میں انہوں نے بخشش کے قابل قدر تشخیص کے بارے میں مشاہدہ کیا ہے. کمپنی یہ ہے کہ کمپنی کی کارروائیوں کو بند کر دیا گیا ہے لہذا مستقبل میں انفرادی قدر کی قیمتوں کا تعین کیا جائے گا.

سی) اس کے علاوہ، آڈیٹروں نے ارکان کو بھی اس حقیقت پر زور دیا ہے کہ کمپنی اسٹاک ایکسچینج (پی ایس ایکس) کے ڈیفالٹ انسداد اور پی ایس ایکس نے کمپنی کے تجزیہ کاری کے حوالے سے نوٹس جاری کردیے ہیں. اس سلسلے میں، ہمیں ان ارکان کو مطلع کرنا پڑے گا کہ کمپنی پہلے سے ہی پاکستان اسٹاک ایکسچینج سے نمٹنے کے عمل میں ہے اور ڈی ایس لسٹنگ کی درخواست پہلے ہی پی ایس ایکس میں درج کی گئی ہے.

د) تفتیش کنروں نے نوٹ 24 کو مالی بیان میں نوٹ کے طور پر بیان کیا ہے جیسا کہ زیر التواء التواء کے لے ارکان کے توجہ بھی سامنے ایا ہے. زیر التواء مقدمے کی سماعت کے سلسلے میں، ہمارے وکلاء نے انتخاب کیا ہے کہ کمپنی کے حصے پر کوئی اضافی ذمہ داری نہیں ہوگی، اور اس کا تعین ہمارے حق میں فیصلہ کیا جائے گا.

فی حصص امدنی

فی سیکنڈ (نقصان) / آمدنی کا حصول روکا جاتا ہے. (9.29) فی حصہ کا موازنہ کے طور پر. (7.33) فی حصہ مستحکم گزشتہ سال.

ڈیویڈنڈ

اپ کے ڈائریکٹر بورڈ اف سال کے لئے کسی بھی منافع کا پیشکش نہیں کیا گیا نقصانات کو برقرار رکھنے میں رکھتے ہوئے.
کارپوریٹ مالی فریم ورک

اشتیاق ٹیکسٹائل ملز لمیٹڈ

1. مالیاتی بیانات، انتظام کی طرف سے تیار، منصفانہ طور پر معاملات کی ریاست، اپنے آپریشن کا نتیجہ، نقد بہاؤ اور مساوات میں تبدیلی.

2. کمپنی کے اکاؤنٹ کی مناسب کتابوں کو کمپنیوں کے ایکٹ، 2017 کے تحت ضروری طور پر برقرار رکھا گیا ہے.

3. مناسب اکاؤنٹنگ پالیسیوں کو مسلسل ان مالی بیانات کی تیاری میں لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ معقول اور ہرکشش فیصلے پر مبنی ہے.

4. بین الاقوامی اکاؤنٹنگ معیار، جیسا کہ پاکستان میں قابل اطلاق ہے، ان مالی بیانات کی تیاری میں ہے اور وہاں سے کوئی روانگی، کافی طور پر افشا کیا گیا ہے.

5. اندرونی کنٹرول کا نظام ڈیزائن میں آواز ہے اور مؤثر طور پر لاگو اور نگرانی کی گئی ہے.

6. نوٹ نمبر میں اسکشاف کے علاوہ لسٹنگ کے قوانین میں تفصیلی تشویش کے طور پر جاری رکھنے کے لئے کمپنی کی صلاحیت پر کوئی اہم شک نہیں ہے. مالی بیان کے 2.

7. فہرست سازی کے قواعد و ضوابط میں تفصیل کے طور پر، کارپوریٹ گورنمنٹ کے بہترین طریقوں سے کوئی مواد نہیں نکلتی ہے.

8. گزشتہ چھ سالوں کی کلیدی آپریٹنگ اور مالیاتی اعداد و شمار شامل ہیں

9 اس سال کے دوران چیف ایگزیکٹو اور ڈائریکٹر کی طرف سے کمپنی کے حصص میں ٹریڈنگ کا جائزہ لینے کے تحت اس کے تحت؛

سال کے دوران ڈائریکٹروں کے بورڈ کی ملاقات

ڈائریکٹر بورڈ کے سال 4 اجلاسوں کے دوران منعقد کیا گیا تھا. ہر ڈائریکٹر کی حاضری ذاتی طور پر مندرجہ ذیل ہے:

1. دیوان ابو عبدا فاروقی 3
2 دیوان ابو سعید فاروقی 4
3. دیوان ایم رضوان فاروقی 3
4 دیوان عمران فاروقی
5. دیوان ایم ریحان فاروقی 3
6.دیوان عزیز فاروقی 4
7 حسن امران فاروقی 2

ان غیر حاضریوں کو چھوڑنے والے ڈائریکٹروں کو چھوڑ دیا گیا جو ان ملاقاتوں میں شرکت نہیں کر سکے.

حساب کتاب کا گروہ یا لوگ

آڈٹ کمیٹی کو بورڈ کے ذریعہ کارپوریٹ گورننس، مالی رپورٹنگ اور کارپوریٹ کنٹرول کے لئے اپنی ذمہ داریوں کو ختم کرنے میں ڈائریکٹروں کی مدد کے لیے قائم کیا گیا تھا. کمیٹی میں تین ارکان شامل ہیں. کمیٹی کے چیئرمین سمیت ارکان کے اکثریت غیر انتظامی ڈائریکٹر ہیں.

اشـــتیاق ٹیکســــــٹائل ملز لمیٹـــڈ

سال کے دوران، چار آڈٹ کمیٹی کی میٹنگ منعقد ہوئی اور حاضری مندرجہ ذیل تھی۔

ان ملاقاتوں کی تعداد میں حصہ لیا

جناب ایم. رضوان فاروقی (چیئرمین) 4

دیوان ایم ریحان فاروقی (رکن) 4

دیـوان عـزیر فـــاروقی (رکن) 4 .

انسانی وسائل اور ریموٹرن کمیٹی

انسانی وسائل کی پالیسیوں کے متنوع اور دورانیہ کے جائزے کے سلسلے میں انسانی وسائل اور ریشمرنشن کمیشن کو قائم کیا گیا تھا. یہ کلیدی مینجمنٹ کے عملے کے انتخاب، تشخیص، معاوضہ اور کامیابی کی منصوبہ بندی میں بورڈ کی مدد کرتا ہے.

کمیٹی میں تین ارکان شامل ہیں. سال کے دوران ایک انسانی وسائل اور ریمانگریشن کمیٹی کا اجلاس منعقد ہوا اور حاضری مندرجہ ذیل تھی.

اجلاسوں کا نام نمبر میں حصہ لیا

دیوان ایم ریحان فاروقی 1

جناب ابو سعید فاروقی (رکن) 1

جناب ایم. رضوان فاروقی (رکن) 1

شکریہ شکریہ

بورڈ کے ڈائریکٹر نے اپنے قیمتی حصص داروں، وفاقی اور صوبائی حکومت کے کارکنوں، بینکوں اور گاہکوں کو تعاون، مسلسل حمایت اور تحفظ فراہم کرنے کے لئے آپ کی شکر گزار کی ہے کہ آپ کی کمپنی کو مطلوب نتائج حاصل کرنے کے لئے سختی سے کام کرنے کے قابل ہو.

بورڈ کے قابل قدر ٹیم کے کام، وفادار اور قابل اطمینان کوششوں کے لئے اس کی تعریف کرتا ہے کہ اس کے لئے اس کی تعریف کی گئی ریکارڈ کے دوران، عملدرآمد، عملے کے ارکان اور کمپنی کے کارکنوں نے شرکت کی.

سیکرٹریٹ واقعات

مالی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن پر اثر انداز نہیں ہونے والے کوئی معاملات یا وعدے کئے گئے ہیں.

اشـــــتیاق ٹیکســــــــٹائل ملز لمیٹـــڈ

اڈیٹر

موجودہ آڈیٹر، ایم ایس. فاروق علی اور کمپنی، چارٹرڈ اکاؤنٹنٹس، کراچی، ریٹائرمنٹ اور کمپنیاں ایکٹ، 2017 کے تحت دوبارہ دوبارہ حاصل کرنے کے اہل ہیں اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے جاری کردہ کارپوریٹ گورننس کوڈ کو خود ہی پیش کیا ہے. آپ کی کمپنی کے ڈائریکٹر بورڈ، بورڈ کے آڈٹ کمیٹی کی سفارشات پر مبنی ہے

تجویز کرتے ہیں. فاروق علی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، اگلے سال کے لئے کمپنی کے آڈیٹر کے **M / s** طور پر دوبارہ

دوبـــارہ تعینــــــاتی

شیئرنگ کے پیٹرن
شیئر ہولڈنگ کی نمائش ضمنی ہے.
بورڈ کی تشخیص

جیسا کہ کارپوریٹ گورننس ریگولیشنز 2017 کی فہرست شدہ کمپنیوں کی ضرورت ہوتی ہے، بورڈ نے ڈائریکٹرز کے کارکردگی کی تشخیص کے لئے ایک میکانیزم تیار کیا ہے. سال کے دوران بورڈ آف ڈائریکٹرز کے کارکردگی کی تشخیص کے لئے بورڈ کے تمام اراکین کے درمیان ایک جامع سوالات مرتب کیا گیا تھا.
چرمین کا جائزہ
کمپنی کے ڈائریکٹر چیئرمین کی نظر ثانی کے مواد کی حمایت کرتا ہے، جو ڈائریکٹر کی رپورٹ کا حصہ سمجھا جاتا ہے.

اختتام

آخر میں، ہم اپنے محبوب نبی صلی اللہ علیہ وسلم کے نام پر اللہ تعالی نے رحمہ اللہ تعالی رحمہ اللہ تعالی سے دعا کی، دعا کرتے ہیں، دعا کرتے ہیں اور دعا کرتے ہیں کہ وہ اپنی رحمت، رہنمائی، طاقت، صحت اور صحت و سلامتی کا سلسلہ جاری رکھیں. ہماری کمپنی، ملک اور قوم اور اللہ تعالی سے بھی دعا ہے کہ وہ حقیقی اسلامی روح میں امن، ہم اہنگی، اخوان المسلمین اور اتحاد کو پوری مسلم امت، آمین، سمما امین کو عطا کرے

ڈائریکٹروں کے بورڈ کے لئے
مسٹر دیوان ابو سعید فاروقی
چیف ایگزیکیٹو

کراچی: اکتوبر 06، 2018

اشـــتیاق ٹیکسٹائل ملز لمیٹڈ

پراکسی
32 ویں سالانہ جنرل اجلاس

کمپنی سیکرٹری
اشـــتیاق ٹیکســـــٹائل ملز لمیٹڈ
155، نیپیر روڈ
کراچی

I / WE __________________ بیٹا / بیٹی / بیوی __________________
OF (مکمل پتہ) ____

اسحاقا ٹیکسٹائل ملز لمیٹڈ کا ایک رکن اور __________________ منعقد
رجسٹرڈ فولیو نمبر / سیڈیسی اکاؤنٹ کے شرکاء کی شناخت کے مطابق عام حصص، __________________ اس طرح
نمبر IDاسے تقرر کریں __________________ فولیو نمبر / سی ڈی سی اکاؤنٹ اور شرکاء کے

OF ____
یا اسے __________________ فولیو نمبر / سیڈیسی اکاؤنٹ اور شرکاء کا نمبر
__________________ کا
____

RS حلی اسٹیمپ AFFIX
5 / -

کمپنی / میرے پراکسی کے طور پر ایک اور رکن میرے / ہم اور میرے / ہماری جانب سے کمپنی کے 31 ویں سالانہ جنرل اجلاس میں 27 اکتوبر، 2018 کو 4.00 پی ایم پر 4.00 بجے اور اس کے کسی بھی فیصلہ میں ووٹ دینے کا حق ادا کرتے ہیں.
جیسا کہ میرے / ہمارے ہاتھ __________________ کے __________________ کے گواہ کے طور پر. رکن کا نام
(ایس)
(شیئر ہولڈر کا دستخط کمپنی / حصص کے رجسٹرار کے ساتھ رجسٹرڈ نمونہ دستخط یا سی ای سی / پاسپورٹ کے مطابق شرائط پر دستخط کرنا چاہیے جس میں سی ای ڈی اکاؤنٹ میں رجسٹرڈ ہو.

وٹنس:

دستخط: __________________
نام کے ساتھ: __________________
نمبر CNIC __________________
ایڈریس: __________________

دستخط: __________________
نام __________________ کے ساتھ
نمبر: CNIC __________________
ایڈریس: __________________

نوٹ
1 میٹنگ کے مکمل طور پر مکمل طور پر مکمل طور پر مکمل طور پر کمپنی کے رجسٹرڈ آفس 155، ناپیر روڈ کراچی موٹ پر جمع ہونا لازمی ہے.
2 پراکسی بھی کمپنی کا ایک رکن ہونا چاہیے.
3 حصول دار اور ان کی پراکسیوں کو ہر ایک کو اس پراکسی فارم کے ساتھ ان کی نیشنل شناختی کارڈ یا پاسپورٹ کے ایک مطلوب فوٹوکاپی کو منسلک کرنا لازمی ہے.