



### VISION/MISSION STATEMENT

To transform the company into a modern and dynamic Textile products manufacturing company and to provide quality products to customers and explore new markets to promote/expand sales of the Company through Good Governance and foster a sound and dynamic team, so as to achieve optimum profitability for the Company for sustainable and equitable growth and prosperity of the Company, its employees and shareholders.

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## BOARD OF DIRECTORS

MR.NOOR ELAHI -CHIEF EXECUTIVE  
MRS.PARVEEN ELAHI -CHAIR PERSON

## Directors:

MRS. NAHEED JAVED  
MR. NABEEL JAVED  
MR. JAVED USMAN  
MR. FAIZAN JAVED  
MR.MANSOOB AHMED KHAN

## COMPANY SECRETARY

MR. ASIF PERVAIZ KHAWAJA

## AUDIT COMMITTEE

MR. MANSOOB AHMED KHAN -CHAIRMAN  
MR. FAIZAN JAVED -MEMBER  
MRS.NAHEED JAVED -MEMBER

HUMAN RESOURCE & REMUNERATION  
COMMITTEE

MR. MANSOOB AHMED KHAN -CHAIRMAN  
MR.NABEEL JAVED -MEMBER  
MR. JAVED USMAN -MEMBER

## BANKERS

M/S.MEEZAN BANK LTD  
M/S.BANK ALHABIB LTD  
M/S.HABIB METROPOLITAN BANK LTD  
M/S.NATIONAL BANK OF PAKISTAN  
M/S.SONERI BANK LTD  
M/S. SILK BANK LTD  
M/S. FAYSAL BANK LTD  
M/S. MUSLIM COMMERCIAL BANK LTD  
M/S. HABIB BANK LTD  
M/S. BANK ALFALAH LTD

## AUDITORS

M/S IBRAHIMSHAIKH & CO  
Chartered Accountants,  
403, Panorama Centre, Fatima Jinnah Road, Saddar,  
Karachi, email:isc1967@hotmail.com

## INTERNAL AUDITOR

Mr. TAHIR ALI

## LEGAL ADVISOR

M/S MOHSIN & WAHEED LAW ASSOCIATES  
Office#S-3, 2<sup>nd</sup> Floor, West End Plaza,  
72-The Mall Road Lahore.

## HEAD OFFICE

35-Industrial Area, Gulberg-III, Lahore-54660, Pakistan.  
Ph#(+92-42)3571-4601,3576-1243-4  
Fax:(+92-42)3571-1400, 3576-1222  
Email:info@rubytextile.com.pk

## REGISTERED OFFICE

Room#203, Faiyaz Centre, 2<sup>nd</sup> Floor,3-A,  
S.M.C.H.S., Shahrah-e-Faisal, Karachi-74400  
Ph#(+92-21) 34396600,34387700  
Fax#(+92-21)34398800  
Email:aslamd9@yahoo.com

## MILLS

Raiwind -Manga Road,  
Raiwind, District Kasur-55050, Pakistan  
Phone:(+92-42) 3539-1031,3539-2651-2  
Fax:(+92-42)3539-1032  
Email:wasim@rubytextile.com.pk

## SHARE REGISTRAR

M/S CORPLINK (PVT) LTD.,  
1-K, (Commercial) wings Arcade.,  
Model Town, Lahore-54700, Pakistan.  
Phone:(+92-42) 35916714,35916719,35839182  
Fax:(+92-42) 3586-9037  
Email:corplink786@gmail.com/shares@corplink.com.pk



### **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 38<sup>th</sup> Annual General Meeting of the share holders of RUBY TEXTILE MILLS LIMITED will be held at Registered Office at 203-Faiyaz Centre, 3-A SMCH Society, Shahrah-e Faisal Karachi on Saturday 27<sup>th</sup> October 2018 at 4.30 PM to transact the following business.

#### **ORDINARY BUSINESS**

1. To consider minutes of 37<sup>th</sup> Annual General Meeting held on 31<sup>st</sup> October 2017.
2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' report thereon for the period ended 30<sup>th</sup> June 2018.
3. To appoint Auditors for the next financial year and fix their remuneration. The present Auditors M/s Ibrahim Shaikh & Co. Chartered Accountants retire and being eligible, offer themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

LAHORE, 3<sup>rd</sup> October 2018

ASIF P. KHAWAJA  
COMPANY SECRETARY

1. The share transfer Books of the Company will remain close from 21<sup>st</sup> October 2018 to 27<sup>th</sup> October 2018(both days inclusive)
2. A member entitled to attend and vote may appoint another member of his/her Proxy to attend the meeting and vote on his/her behalf. Proxy in order to be effected must be received at Registered Office of the Company at least 48 hours before meeting
3. CDC share holders are requested to bring with them their original CNIC or passport along with Participant's ID number and their account number at the time of AGM in order to facilitate Identification and in case of proxy must enclose an attested copy of CNIC or passport along with CDC account number. Representative of Corporate members should bring the usual documents required for this purpose. Share holders are requested to immediate notify any change in their address to Company's Share Registrar M/s Corplink (Private) Limited, Wings Arcade,1-K Commercial Model Town, Lahore.

**DIRECTOR'S REPORT**

The Directors of your company are pleased to present their 38th Annual Report together with the Company's Audited Accounts for the year ended 30th June, 2018.

**Operating Results**

The financial results are summarized here under

	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
		<b>(Restated)</b>	<b>(Restated)</b>
Sales	325,009,471	400,356,060	292,887,705
Gross profit/(Loss)	(89,938,199)	(111,205,336)	(125,377,397)
Administrative Expenses	(18,365,421)	(16,935,136)	(18,960,165)
Distribution Charges	(149,105)	(46,317)	(2,797,353)
Other Income	156,913,063	1,739,460	851,030
Financial Charges	(43,859,906)	(8,272,572)	(10,786,949)
Profit/ (Loss) Before Tax	(5,399,568)	(134,719,901)	(157,070,834)
Provision for Taxation	(317,648)	(3,586,800)	(18,615,970)
Profit/(Loss) after Taxation	(5,717,216)	(138,306,701)	(175,686,804)

Net Sales of the company decreased by Rs. 75.347 million from Rs. 400.356 million showing decrease of 18.82% from the last year. Decrease in sales was mainly due to less production of yarn during the year and lack of overseas demand of yarn. The Company has incurred gross loss amounting Rs. 89.938 million as compared to last year's gross loss amounting Rs. 111.205 million. High costs of power and other manufacturing over heads adversely affected the textile business. Textile sector facing very tough competition with the other regional countries where input costs are much lower than in Pakistan. Administrative expenses, distribution cost & finance cost have increased by Rs. 1.430 Million, Rs. 0.102 million and Rs. 35.587 million respectively from preceding financial year. The Company earned loss before tax Rs. 5.399 million during the year as compared to loss before tax amounting Rs. 134.719 million in last financial year. Loss after tax is Rs. 5.717 million for the financial year as compared to loss after tax Rs.138.306 million in last financial year.

With a view to help the Company to portray a healthy picture and reduce the liabilities, the Chief Executive, Mr. Noor Elahi has agreed to waive off his loan amounting Rs.150 million which resultantly reduced the liability of the company and improve debt equity ratio.

**General Market Conditions and Company's Business**

The continuing slide in the overall exports, both in value and quantity terms, is an alarming sign for the country's economy. Although, reduction in import bills due to reduced oil prices have partially offset huge negative impact on the aggregate balance of trade, but the Government has failed to take on serious steps to curb its repercussions on macro-economic situation. Earnest steps are needed from the Government to reverse this negative trend.

During the year ended June 30, 2012, the company had paid Rs.390 million to Financial Institution against outstanding principal amount of long term and short term loans. While making payment of Rs.390 million, it was notified that the paid amount of Rs. 390 million should be adjusted against principal liability first. On the contrary, Financial Institution had not adjusted the payment of Rs.390 million to settle the principal liability of various loans and settled the amount against markup payable and continues to charge the interest which included interest on interest amounted to Rs. 65.390 million. Based on the bank statements, the company continued to record the liability figures (principal and mark up) as per confirmation by the Financial Institution. The Financial Institution verbally assured the company that the issue shall be resolved amicably and they shall adjust the payment against the principal dues as instructed by the company as per his requests dated August 10, 2011 and August 25, 2011. When no confirmation was received from Financial Institution, the management has decided file a suit in the Lahore High Court against Habib Metropolitan Bank Limited, for resolution of the dispute. Management believed that there is no outstanding liability toward Financial Institution which has been settled completely and fully.

Therefore, in previous year, the company had written back commercial loan amounting Rs. 24.156 million, Short term (FAPC, running finance and cash finance) amounting Rs. 99,130,938 and markup payable on short term and long term loans amounting Rs. 65,390,954. This error had been adjusted retrospectively in accordance with the requirement of International Accounting



Standards (IAS-8) "Accounting Policies, Changes in Accounting Estimates and Errors" and the resulting adjustments had been made in relevant years. Consequently, long term financing from banking companies, short term borrowings from banking companies and accrued markup as at June 30, 2014 has decreased by Rs. 24,156,526, Rs. 99,130,938 and Rs. 65,390,954 respectively. Shareholders' equity as at June 30, 2013 and June 30, 2014 had increased by Rs. 151,723,975 and Rs. 170,163,362 respectively and loss for the year ended June 30, 2014 and June 30, 2015 had reduced by Rs. 18,439,387 and Rs. 18,515,056 respectively.

Subsequent to year end, Habib Metropolitan Bank has agreed for out of court settlement at Rs. 150 million against recovery suit filed by the bank in the Lahore High court and agreed to withdraw all the litigations against each other. Upon full payment, the bank will also redeem the mortgaged properties and will also cancel the personal guarantees of the directors. Hence, to give a confirmation and endorsement to the 'OUT OF COURT SETTLEMENT", the management paid a token amount of Rs. 5 million on 16-07-2018 and balance amount of Rs.145 million paid on 10-09-2018. The company has paid in full Rs. 150 million after year end. Adjustment has been made in the financial statements of the company retrospectively as required IAS 8.

### Future Outlook

Presently textile industry is passing through difficult circumstances in the overseas markets, mainly due to a global recession and comparatively high cost of production as of neighboring countries. Our overseas markets have been grabbed by other countries by offering lower prices.

The current market situation is not encouraging. Overall textile exports of the country have also been declined in the financial year 2018 as compared to 2017. Energy prices in Pakistan are higher than regional competitors. Therefore, we are foreseeing another challenging year ahead of us. However, management is cognizant of the situation and taking all measures to cope with these challenges.

### 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	5
b) Female	2

Composition:

i. Independent Directors	1
ii. Executive Directors	2
iii. Non-Executive Director	4

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

1) Mr. NOOR ELAHI	- Chief Executive
2) Mrs. PARVEEN ELAHI	- Chairperson
3) Mrs. NAHEED JAVED	- Director
4) Mr. NABEEL JAVED	- Director
5) Mr. JAVED USMAN	- Director
6) Mr. FAIZAN JAVED	- Director
7) Mr. MANSOOB AHMED KHAN	- Director

### Committees of the Board

The Board has formed two sub committees namely Audit Committee and Human Resource & Remuneration Committee. The composition of both these committees is disclosed as follows:

- Audit Committee
 

Mr. MANSOOB AHMED KHAN	- Chairman (Independent)
Mrs. NAHEED JAVED	- Member
Mr. JAVED USMAN	- Member
- Human Recourse and Remuneration Committee
 

Mr. MANSOOB AHMED KHAN	- Chairman (Independent)
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Mr. JAVED USMAN - Member  
 Mr. NABEEL JAVED - Member

**Compliance with the Best Practices of Corporate Governance**

As required under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchange, the Board is pleased to state that the management of the Company is compliant with the best practices of corporate governance. The Board acknowledges its responsibility in respect of the corporate and financial reporting framework and thus states that:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of Its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards/international financial reporting standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The highlights of operating and financial data for the last six years are presented in a summarized form in annexure.
- Information about taxes and levies is given in the notes to and forming part of financial statements.
- The company is operating an unfunded gratuity scheme funds of which are retained for business of the company
- The statement of pattern of shareholding of the Company as at June 30, 2018 is annexed. This statement is prepared in accordance with the Code of Corporate Governance
- During the year under review, five Board of Directors Meetings, four Audit Committee Meetings and one Human Resource and Remuneration Committee Meetings were held. The attendance of the Directors is as follows:

Name of Director	Number of Meeting Attended		
	Board Meeting	Audit Committee	Human Resource and Remuneration Committee
Mr. NOOR ELAHI	5		
Mrs. PARVEEN ELAHI	5		
Mrs. NAHEED JAVED	5	1	
Mr. JAVED USMAN	5	3	1
Mr. NABEEL JAVED	5	3	1
Mr. FAIZAN JAVED	5	4	
Mr. SHARIQ JAVED	0		
Mr. MANSOOB AHMED KHAN	1	1	1

(Leave of absence was granted to the Directors who could not attend the Meetings due to their pre-occupations)

- No trading in Company's shares was carried out by its Directors, CEO, CFO, Company Secretary; Head of Internal Audit other Executives and their spouse(s) and minor children during the year.

**Statutory Auditors**

Auditors M/s Ibrahim Shaikh & Company Chartered Accountants retire at the conclusion of the 38th Annual General Meeting and being eligible, they have offered themselves for re-appointment and the Board's audit committee has also recommended their re-appointment which has been endorsed by the Board.

**Corporate Social Responsibility**

Ruby Textile Mills Ltd. is committed to achieving tangible, sustainable fulfillment of its corporate social responsibility.

**Significant features of remuneration policy of non-executive directors**

Non-executive directors including the independent director are entitled only for fee for attending the meetings.

**Board Evaluation**

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

**Auditors Report**

The auditors have qualified their reportas under:

- a). Interest free loans from associates not amortized.

Loans from associates are interest free and repayment of these loans not confirm. Therefore, the company has not amortized these loans

With reference to emphasis of matter paragraph by auditor in their report,the management is making its best efforts to make operation as efficient as possible.

**Earning / (Loss) Per Share**

Earning per share for the year amounted to Rs.( 0.11) and Rs. (2.65) for the corresponding year.

**Related Parties**

The Board of Directors has approved the policy for transaction/contract between Company and its related parties on an arm's length basis and relevant rates are to be determined as per the comparable un-controlled price method.

LAHORE  
October 05, 2018

For and on behalf of the Board of Directors

(NOOR ELAHI)  
CHIEF EXECUTIVE



(غیر حاضر کی جانے والی ڈائریکٹروں کو رخصت عطا کی گئی تھی جو اپنی دیگر مصروفیت کی وجہ سے اجلاسوں میں شرکت نہیں کر سکتے تھے)  
کمپنی کے حصص میں کوئی ٹریڈنگ نہیں کی، اس کے ڈائریکٹرز، سی ای او، سی ایف او کمپنی سیکرٹری، سربراہ اندرونی آڈٹ اور دوسرے افسران اور ان کی بیگمات اور بچوں نے سال کے دوران

### قانونی آڈیٹر

آڈیٹر ایم ابراہیم شیخ اور کمپنی چارٹرڈ اکاؤنٹنٹس نے 38 ویں سالانہ جنرل اجلاس کے اختتام پر ریٹائرڈ کیا اور اہل ہونے کے لیے، انہوں نے خود کی اپمانسٹ کی پیشکش کی ہے اور بورڈ کی آڈٹ کمیٹی نے ان کی دوبارہ تقرری بھی سفارش کی ہے جس میں بورڈ کی طرف سے منظور کیا گیا ہے۔

### کارپوریٹ سماجی ذمہ داری

روبنی ٹیکسٹائل ملز لمیٹڈ اپنی کارپوریٹ سماجی ذمہ داری کے قابل، پائیدار تکمیل کو حاصل کرنے کے لئے مصروف عمل ہے۔

### غیر ایگزیکٹو ڈائریکٹروں کی معاوضہ پالیسی کی اہم خصوصیات

مستقل ڈائریکٹر سمیت غیر ایگزیکٹو ڈائریکٹر صرف اجلاسوں میں شرکت کے لئے فیس کے حقدار ہیں۔

### بورڈ کی تخصیص

جیسا کہ کارپوریٹ گورننس ریگولیشنز 2017 میں لیبیلڈ کمپنیاں کی ضرورت ہوتی ہے، بورڈ نے بورڈ آف ڈائریکٹرز کی کارکردگی کا ایک میکانزم تیار کیا ہے۔ سال کے دوران ڈائریکٹروں کے بورڈ کے کارکردگی کے تخصیص کے تمام اراکین کے درمیان ایک جامع سوالات مرتب کیا گیا تھا۔

### آڈیٹر کی رپورٹ

آڈیٹر نے اپنی رپورٹوں کے تحت یہ کو الیفائی کروایا:

اک۔) شراکت داروں سے دلچسپی کا قرضہ نہیں بنائے گئے۔

ساتھیوں کے قرضہ جات سود سے صاف ہے اور ان قرضوں کی واپسی یقینی نہ ہیں۔ لہذا، کمپنی نے ان قرضوں کو کم نہیں کیا۔

ان کی رپورٹ میں آڈیٹر کے ذریعہ معاملہ پیرا گراف پر زور دینے کے حوالے سے، انتظامیہ کو مکمل طور پر موثر آپریشن کرنے کے لئے اپنی پوری کوششیں کر رہی ہے۔

### آمدنی / (نقصان) فی حصہ

سال کے لئے فی حصہ کمائی (0.11) روپے اور (2.65) روپے اسی سال کے لئے۔

### متعلقہ جمعیتیں

بورڈ آف ڈائریکٹرز نے کمپنی اور اس کے متعلقہ جماعتوں کے درمیان ٹرانزیکشن / معاہدہ کے حوالے سے پالیسی کی منظوری دے دی ہے جس کی بازو کی لمبائی کی بنیاد پر ہے اور متعلقہ نرخوں کو متوازن غیر کنٹرول قیمت کے مطابق مقرر کیا جاسکتا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے اور

*Muzahid*

جناب نورالحی

(چیرمین، چیف ایگزیکٹو)



بورڈ کی کمیٹی

بورڈ نے دو ذیلی کمیٹیاں قائم کی ہیں جن میں آڈٹ کمیشن اور انسانی وسائل اور ریویژن کمیٹی۔ مندرجہ بالا ان کمیشنوں کی تشکیل افشا کی گئی ہے:

جناب منصور احمد خان	- چیئرمین (آزاد)
مسماں ناہید جاوید	- رکن
جناب جاوید عثمان	- رکن
ہیومن ریسورس اینڈ ریمارٹیشن کمیشن	
جناب منصور احمد خان	- چیئرمین (آزاد)
جناب جاوید عثمان	- رکن
جناب نیل جاوید	- رکن

کارپوریٹ گورننس کے بہترین طریقوں سے تعمیل

اسٹاک ایکسچینج کی فہرست سازی کے قوانین میں شامل کارپوریٹ گورننس کے تحت ضروری ہے کہ، بورڈ کو یہ بتانا ہے کہ کمیٹی کا انتظام کارپوریٹ گورنمنٹ کے بہترین طریقوں کے مطابق ہے۔ بورڈ نے کارپوریٹ اور مالی رپورٹنگ کے فریم ورک کے حوالے سے اپنی ذمہ داری قبول کی ہے اور اس طرح یہ بیان کرتا ہے کہ:

- کمیٹی کے انتظام کے ذریعے تیار کردہ مالی بیانات، موجودہ معاملات میں اس کی حالت، اس کے آپریشن کا نتیجہ، نقد بہاؤ اور مساوات میں تبدیلی۔
- کمیٹی کے اکاؤنٹ کی مناسب کتابوں کو برقرار رکھا گیا ہے۔

- مناسب اکاؤنٹنگ کی پالیسیوں کو مسلسل مالی بیانات کی تیاری میں لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ مناسب اور پرکشش فیصلے پر مبنی ہے۔
- بین الاقوامی اکاؤنٹنگ معیار/ بین الاقوامی مالیاتی رپورٹنگ کے معیار، جیسا کہ پاکستان میں قابل اطلاق ہے، مالیاتی بیانات کی تیاری میں پیروی کی گئی ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں آواز ہے اور مؤثر طریقے سے لاگو کیا اور نگرانی کی گئی ہے۔
- جانے والی تشویش کے طور پر جاری رکھنے کے لئے کمیٹی کی صلاحیت پر کوئی اہم شک نہیں ہے۔
- لسٹنگ کے قواعد و ضوابط میں تفصیل کے طور پر، کارپوریٹ حکومتی اداروں کے بہترین طریقوں سے کوئی مواد نہیں نکلتی ہے۔
- گزشتہ چھ سالوں کے لئے آپریٹنگ اور مالیاتی اعداد و شمار کی نمائندگی ضمنی شکل میں مختص شدہ شکل میں پیش کی جاتی ہیں۔
- ٹیکس ریلیویوں کے بارے میں معلومات نوٹس میں اور مالی بیانات کا حصہ بنائے جاتے ہیں۔
- کمیٹی ایک غیر معمولی رقم کی منصوبہ بندی کے فنڈز کو چلاتی ہے جس کی کمیٹی کمیٹی کے کاروبار کو برقرار رکھتی ہے۔
- جون 30، 2018 کو کمیٹی کے حصول کے پیٹرن کا بیان ملحق ہے۔ یہ بیان کارپوریٹ گورننس کے مطابق تیار ہے۔

• جائزہ لینے کے تحت سال کے دوران، پانچ بورڈ ڈائریکٹر اجلاس، چار آڈٹ کمیٹی کے اجلاس اور ایک انسانی وسائل اور ریماٹرن کمیٹی کے اجلاس منعقد ہوئے۔ ڈائریکٹروں کی حاضری مندرجہ ذیل ہے:

ملاقات میں ڈائریکٹر کا نام

بورڈ میٹنگ آڈٹ کمیٹی انسانی وسائل اور ریماٹرن کمیٹی

بورڈ میٹنگ	آڈٹ کمیٹی میٹنگ	ہیومن ریسورس میٹنگ	میٹنگ میں شرکت کی تعداد
5			جناب نور الہی
5			مسماں پروین الہی
5	1		مسماں ناہید جاوید
5	3	1	جناب جاوید عثمان
5	3	1	جناب نیل جاوید
5	4		جناب فیضان جاوید
0			جناب شارق جاوید
1	1	1	جناب منصور احمد خان



لہذا، پچھلے سال میں، کمپنی نے رقم کی رقم میں تجارتی قرض واپس لکھا تھا 24,156,526 ملین روپے مختصر مدت (ایف اے پی سی، چل رہا ہے فنانس اور نقد فنانس) 99,130,938 اور مختص مختصر مدت اور طویل مدتی قرضوں پر ادا کی جاسکتی ہے 65,390,954 اس غلطی کو بین الاقوامی اکاؤنٹنگ معیارات (IAS-8) "اکاؤنٹنگ پالیسیاں، اکاؤنٹنگ کے تخمینے میں تبدیلیوں اور غلطیوں میں تبدیلی" کے مطابق retrospectively ایڈجسٹ کیا گیا تھا اور متعلقہ سالوں میں نتیجے میں ایڈجسٹمنٹ کی تشکیل کی گئی تھی۔ نتیجے میں، بینکنگ کمپنیوں سے طویل عرصے سے مالیاتی فنڈنگ، بینکنگ کمپنیوں سے مختصر مدت کے قرضے اور 30 جون 2014 کو مجموعی مارک اپ کے طور پر کم ہو گئی ہے 24,156,526 روپے اور 99,130,938 روپے 65,390,954 بالترتیب 30 جون، 2013 اور 30 جون 2014 کے طور پر حصص دارین کی مساوات میں اضافہ ہوا تھا 151,723,975 اور روپے بالترتیب 170,163,362 سال اور 30 جون 2014 تک ختم ہونے والے سال کے لئے نقصان اور 30 جون، 2015 کو کم از کم روپے کی کمی ہوئی تھی 18,439,387 اور روپے بالترتیب 18,515,056۔

سال کے اختتام کے بعد، حبیب میٹروپولیٹن بینک نے عدالت میں تصفیہ سے باہر پراقتاب کیا ہے۔ لاہور ہائی کورٹ میں بینک کی طرف سے درج کردہ وصولی کے خلاف 150 ملین ڈالر کے خلاف اور ایک دوسرے کے خلاف تمام مقدمات واپس لینے پراقتاب کیا۔ مکمل ادائیگی پر، بینک بھی مارگج جائیداد کو نجات دے گا اور ہدایات کے ذاتی ضمانت بھی منسوخ کرے گا۔ لہذا، کورٹ سیٹمنٹ کے باہر کی تصدیق اور تدرین دینے کے لئے، منجمنٹ نے ایک ٹوکن رقم ادا کی 16-07-2018 کو 5 روپے ملین اور 10-09-2018 کو ادا شدہ 145 ملین روپے کی رقم کی رقم کمپنی نے مکمل روپیدا کیا ہے سال کے آخر میں 150 ملین روپے آئی اے ایس 8 کی ضرورت کے طور پر کمپنی کے ریٹرنظر سے مالیاتی بیانات میں ایڈجسٹمنٹ کی گئی ہے۔

### مستقبل کے آؤٹ لک

اس وقت ٹیکسٹائل انڈسٹری بیرون ملک مقصودوں میں مشکل حالات سے گزر رہی ہے، بنیادی طور پر عالمی منڈی کی وجہ سے اور پڑوسی ممالک کے مقابلے میں پیداوار کی نسبتاً زیادہ قیمت ہے۔ ہمارے غیر ملکی مارکیٹوں کو کم قیمتوں کی پیشکش کرتے ہوئے دیگر ممالک کی طرف سے قبضہ کر لیا گیا ہے۔

موجودہ مارکیٹ کی حیثیت حوصلہ افزا نہیں ہے۔ مالی سال 2018 میں ملک کے مجموعی ٹیکسٹائل برآمد میں 2017 کے مقابلے میں بھی کم سے کم کمی آئی ہے۔ پاکستان میں انرجی کی قیمتوں میں علاقائی حربوں سے کہیں زیادہ ہے۔ لہذا، ہم آگے آگے ایک اور چیلنج سال کا اعلان کر رہے ہیں۔ تاہم، انتظامیہ صورت حال سے واقف ہے اور ان چیلنجوں سے نمٹنے کے لئے تمام اقدامات اٹھانا پڑتا ہے۔

### بورڈ کی تشکیل

بورڈ کی تشکیل کارپوریٹ گورننس قواعد کی ضروریات، درج کردہ اداروں پر لاگو 2017 کی ضروریات کے مطابق ہے، جو ذیل میں دی گئی ہے:

ڈائریکٹرز کی کل تعداد

الف) مرد 5

ب) عورت 2

مرکب:

- |      |                       |   |
|------|-----------------------|---|
| i.   | آزاد ڈائریکٹر         | 1 |
| ii.  | ایگزیکٹو ڈائریکٹر     | 2 |
| iii. | غیر ایگزیکٹو ڈائریکٹر | 4 |

30 جون، 2018 کے طور پر ڈائریکٹرز کے نام مندرجہ ذیل ہیں

- |     |                     |                |
|-----|---------------------|----------------|
| (1) | جناب نور الہی       | - چیف ایگزیکٹو |
| (2) | مسمات پروین الہی    | - چیئر پرسن    |
| (3) | مسمات ناہید جاوید   | - ڈائریکٹر     |
| (4) | جناب نبیل جاوید     | - ڈائریکٹر     |
| (5) | جناب جاوید عثمان    | - ڈائریکٹر     |
| (6) | جناب فیضان جاوید    | - ڈائریکٹر     |
| (7) | جناب منصور احمد خان | - ڈائریکٹر     |



## مجلس نغماء كى رپورٹ

كمپنى كى مجلس نغماء 38 وىں سالانہ عام اجلاس ميں آپ كا استقبال كرتى هے اور 30 جون 2018 كو ختم هونے والے سال كے ليے كمپنى نظر ثانی شدہ حسابات كے ساتھ سالانہ رپورٹ پيش كرتے هونے خوشى محسوس كرتى هے۔

### آپرننگ كے نتائج

مالیاتی نتائج یہاں درج ذیل ہیں:

2018 روپے	2017 روپے (مستحکم)	2016 روپے (مستحکم)	
325,009,471	400,356,060	292,887,705	سیلز
(89,938,199)	(111,205,336)	(125,377,397)	مجموعی منافع یا (نقصان)
(18,365,421)	(16,935,136)	(18,960,165)	انتظامی اخراجات
(149,105)	(46,317)	(2,797,353)	تقسیم كے اخراجات
156,913,063	1,739,460	851,030	دیگر آمدنی
(43,859,906)	(8,272,572)	(10,786,949)	مالیاتی اخراجات
(5,399,568)	(134,719,901)	(157,070,834)	ٹیکس سے پہلے منافع یا (نقصان)
(317,648)	(3,586,800)	(18,615,970)	ٹیکس كى فراہمی
(5,717,216)	(138,306,701)	(175,686,804)	ٹیکس كے بعد منافع یا (نقصان)

كمپنى كى میٹ فروخت ميں كى هوئی 75.347 ملین روپے گزشتہ سال سے 400.356 ملین كى تعداد ميں 18.82 فیصد كى واقع هوئی۔ فروخت ميں كى ميں بنيادی طور پر سال كے دوران سوت كى كم پيداوار اور سوت كى بھرون ملك طلب كى كمى كى وجہ سے تھا۔ كمپنى نے مجموعی طور پر 9.938 ملین روپے كے مقابلے ميں 111.205 ملین سرون پر اقتدار اور دیگر مینوفیکچررز كى اعلیٰ اخراجات نے ٹیکسٹائل كے كاروبار پر سخت اثر انداز كيا۔ ٹیکسٹائل شعبے دوسرے علاقائی ممالك كے ساتھ بہت سخت مقابلہ كا سامنا كرتے ہیں جہاں ان پٹ اخراجات پاكستان ميں كہیں زيادہ ہیں۔ انتظامی اخراجات، تقسیم كى لاگت اور فنانس كى قیمت ميں اضافہ ہوا ہے 1.430 ملین، روپے 0.102 ملین اور روپے مالی سال سے پہلے سے 35.587 ملین كى ترتيب ميں كمپنى نے ٹیکس سے قبل نقصان پہنچايا۔ اس سال كے دوران 5.399 ملین روپے ٹیکس لگانے سے قبل نقصان كے مقابلے ميں گزشتہ مالی سال ميں 134.719 ملین ٹیکس كے بعد نقصان مالی سال كے لئے 5.717 ملین ٹیکس كے بعد گزشتہ مالی سال ميں 138.306 ملین روپے كے نقصان كے مقابلے ميں۔

چيف ايگزیکيو، مسٲر نورالحی نے اپنے قرض سے 150 ملین روپے محروم كرنے پر اتفاق كيا هے كه كمپنى كو كمپنى كى ذمہ داری ميں كى اور قرض كى مساوات كے تناسب كو بہتر بنانے ميں مدد ملے گی۔

### جزل ماركيٹ كى شرائط اور كمپنى كے برنس

مجموعی طور پر برآمدات ميں مسلسل سلاؤڈ، قدر اور مقدار كى شرائط دونوں ملك كى معيشت كے لئے ايک خطرناك نشان هے۔ اگرچہ، تيل كى قیمتوں ميں كى كى وجہ سے درآمد كے بلوں ميں كى كى وجہ سے كاروبارى مجموعی توازن پر بہت زيادہ منفى اثرات مرتب هوكے ہیں، ليكن حكومت نے اپنى اقتصادى صورتحال پر اس كے ردعمل كورونے كے لئے سنگين اقدامات كئے جانے ميں ناكام رهے۔ اس منفى رجحان كورپورس كرنے كے لئے حكومت سے سب سے كم اقدامات كى ضرورت هوتى هے۔

30 جون، 2012 كو ختم هونے والى سال كے دوران، كمپنى نے طویل مدتی اور مختصر مدت كے بقايا پر نپيل رقم كے خلاف مالیاتی ادارے كو 39 كروڑ روپے ادا كیے ہیں 39 كروڑ روپے كى ادايگی كرتے هونے، يہ اطلاع دى گئی تھی كه اس كى رقم ادا كى گئی هے پہلے ہی پر نپيل ذمہ داری كے خلاف 390 ملین روپے ايڈجسٹ كيا جانا چاہئے۔ اس كے برعكس، مالیاتی ادارے نے 39 كروڑ روپے كى ادايگی كو ايڈجسٹ كيا تھا تاكه مختلف قرضوں كى بنيادی ذمہ داری كورحل كرنے اور مارك اپ كے قابل رقم كے ساتھ رقم ادا كى جاسكتى هے اور وچھپی پر عملدرآمد جارى ركھے گا 65.390 ملین۔ بينك كے بيانات كے مطابق، كمپنى نے مالیاتی ادارے كى تصديق كے مطابق ذمہ داری كے اعداد و شمار (پرنسپل اور نشان زد) كوريكار كيا۔ مالیاتی ادارہ زبانی طور پر اس بات كا يقين دلایا كه مسئلہ كورحل كرنے كا فيصلہ كيا جائے گا اور وه 10 اگست، 2011 اور 25 اگست 2011 كو اپنى درخواستوں كے مطابق كمپنى كے مطابق هدايات كے مطابق ادايگی كريس گے۔ مالیاتی ادارے، انتظامیہ نے لاهور ہائی كورٹ ميں حبيب ميشر وپوليٹن بينك ليڈيٹڈ كے خلاف تنازعات كے حل كے لئے ايک سوٹ كا فيصلہ كيا هے۔ مینجمنٹ كا خيال هے كه مالیاتی ادارے كى طرف كوئی بقايا ذمہ داری نہیں هے جو كمل طور پر اور كمل طور پر آبا د هوسكتى هے۔

**PATTERN OF SHAREHOLDING**1. Incorporation Number **00041215 Date 06052000**2. Name of the Company **RUBY TEXTILE MILLS LIMITED**3. Pattern of holding of the shares held by the shareholders as at **30-06-2018**

4. No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
70	1	100	2,837
688	101	500	331,812
63	501	1,000	59,696
86	1,001	5,000	232,483
15	5,001	10,000	111,900
3	10,001	15,000	41,500
4	15,001	20,000	71,500
2	20,001	25,000	46,000
2	25,001	30,000	59,866
1	30,001	35,000	31,500
1	35,001	40,000	40,000
1	45,001	50,000	50,000
1	50,001	55,000	54,500
1	55,001	60,000	55,829
2	95,001	100,000	200,000
1	105,001	110,000	105,500
1	120,001	125,000	122,000
1	135,001	140,000	139,179
2	295,001	300,000	597,664
1	3,870,001	3,875,000	3,873,500
1	6,495,001	6,500,000	6,500,000
1	8,655,001	8,660,000	8,655,900
1	13,170,001	13,175,000	13,173,834
1	17,655,001	17,660,000	17,657,400
950			52,214,400

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	43,608,813	83.5187%
5.2 Associated Companies, undertakings and related parties. (Parent Company)	6,900,500	13.2157%
5.3 NIT and ICP	2,900	0.0056%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	343	0.0007%
5.5 Insurance Companies	0	0.0000%
5.6 Modarabas and Mutual Funds	297,664	0.5701%
5.7 Share holders holding 10% or more	50,105,313	95.9607%
5.8 General Public		
a. Local	1,133,992	2.1718%
b. Foreign	0	0.0000%
5.9 Others (to be specified)		
1- Joint Stock Companies	212,400	0.4068%
2- Pension Funds	55,829	0.1069%
3- others	1,959	0.0038%



**Catagories of Shareholding required under Code of Corporate Governance (CCG)  
As on June 30, 2018**

Sr. No.	Name	No. of Shares Held	Percentage
<b>Associated Companies, Undertakings and Related Parties (Name Wise Detail):</b>			
1	NAHEED NOOR ENTERPRISES LTD.	300,000	0.5746%
2	NAHEED NOOR (PVT) LTD.	100,500	0.1925%
3	SUNRISE BOTTLING CO. (PVT) LTD.	6,500,000	12.4487%
<b>Mutual Funds (Name Wise Detail)</b>			
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	297,664	0.5701%
<b>Directors and their Spouse and Minor Children (Name Wise Detail):</b>			
1	MR. NOOR ELAHI	17,796,579	34.0837%
2	MRS. PARVEEN ELAHI	8,761,400	16.7797%
3	MRS. NAHEED JAVED	17,047,334	32.6487%
4	MR. NABEEL JAVED	1,000	0.0019%
5	MR. FAIZAN JAVED (CDC)	1,000	0.0019%
6	MR. JAVED USMAN	500	0.0010%
7	MR. SHARIQ JAVED	1,000	0.0019%
<b>Executives:</b>			
<b>Public Sector Companies &amp; Corporations:</b>			
<b>Banks, Development Finance Institutions, Non Banking Finance</b>		56,172	0.1076%
<b>Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b>			
<b>Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)</b>			
1	MR. NOOR ELAHI	17,796,579	34.0837%
2	MRS. PARVEEN ELAHI	8,761,400	16.7797%
3	MRS. NAHEED JAVED	17,047,334	32.6487%
4	SUNRISE BOTTLING CO. (PVT) LTD.	6,500,000	12.4487%

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

S. No.	NAME	SALE	PURCHASE
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NIL



**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017  
FOR THE YEAR ENDED 30 JUNE 2018**

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

1- The total number of directors is seven as per the following:

a. Male

i	Mr.NOOR ELAHI	iv	Mr.FAIZAN JAVED
ii	Mr.JAVED USMAN	v	Mr.MANSOOB AHMED KHAN
iii	Mr.NABEEL JAVED		

b. Female

i	Mrs.PARVEEN ELAHI	ii	Mrs.NAHEED JAVED
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2. The present composition of the board is as follows.

a.	Independent Director	Mr.MANSOOB AHMED KHAN
b.	Other NonExecutive Directors	Mrs. PARVEEN ELAHI Mrs. NAHEED JAVED Mr. JAVED USMAN Mr. FAIZAN JAVED
c.	Executive Directors	Mr.NOOR ELAHI Mr.NABEEL JAVED

3. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company .A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board /shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. One director and Chief Executive are exempt from director's training programme due to 14 years of education and 15 years of experience on the Board of listed companies. Remaining directors will undergo director's training programme within the time allowed by CCG.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit. However, the Board has endorsed their remuneration and terms and conditions of employment and complied with relevant requirements.
11. CFO and CEO dully endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:



AUDIT COMMITTEE		HR AND REMUNERATION COMMITTEE	
Mr.MANSOOB AHMED KHAN	CHAIRMAN	Mr.MANSOOB AHMED KHAN	CHAIRMAN
Mrs. NAHEED JAVED	MEMBER	Mr.JAVED USMAN	MEMBER
Mr.FAIZAN JAVED	MEMBER	Mr. NABEEL JAVED	MEMBER

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as per following:
- (i) Audit Committee –four meetings held during the year ended 30 June 2018.
  - (ii) HR and Remuneration Committee- one meeting held during ended 30 June 2018.
15. The Board has set up of an affective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other Regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

For and behalf of the Board

(Mrs. PARVEEN ELAHI)  
CHAIRPERSON

Lahore  
Date: October 05, 2018

# IBRAHIM , SHAIKH & CO.

CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ruby Textile Mills Limited

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

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

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



CHARTERED ACCOUNTANTS

Karachi:

Date:

# IBRAHIM , SHAIKH & CO.

## CHARTERED ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT

#### To the members of Ruby Textile Mills Limited Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of Ruby Textile Mills Limited, which comprise the statement of financial position as at June 30, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Qualified Opinion

The Company has not accounted for interest free long term financing from associates at amortized cost as required by the International Accounting Standard (IAS) 39 "Financial Instruments-Recognition and Measurement". Due to the non-availability of underlying repayment terms and conditions of interest free loans, we are unable to ascertain the effects on financial statements regarding amortized cost of interest free loans.

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

#### Material Uncertainty relating to Going Concern

We draw attention to note 1.1 to the financial statements which indicates that the company incurred a net loss of Rs.5.72 million during the year and has accumulated loss of Rs. 655.02 million as at June 30, 2018 and, as of that date, the Company's current liabilities exceeded its current assets by Rs.163.954 million. These conditions, along with other matters as explained in note 1.1 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified 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.

#### Following are the Key audit matter(s):

S. No.	Key audit matter(s)	How the matter was addressed in our audit
(i)	<b>First time application of third and fourth schedules to the Companies Act, 2017</b>  As referred to in note 2.5.1 to the annexed 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 June 30, 2018.	Our audit procedures included the following: <ul style="list-style-type: none"><li>· Considering the management's process to identify the necessary amendments required in the Company's financial statements.</li></ul>

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.

As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the said note 2.5.1) relating to disclosures required in the Company's financial statements.

We consider it as a key audit matter in view of the changes require additional significant disclosure for preparation of the financial statements for the year ended June 30, 2018 due to application of Third and Fourth schedules to the Companies Act, 2017.

(ii) **Final Settlement with Habib Metropolitan Bank**

Subsequent to year end, the company has finalized the out of court settlement with the Habib Metropolitan Bank Limited regarding disputed liabilities against a final settlement of Rs. 150.00 million as referred to note 10.4 to the financial statements of the company.

Keeping in view the significant impact on the financial statements, we have considered it as a key audit matter.

· 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 annexed financial statements based on the additional requirements.

Our audit procedures inter-alia included:

- Confirmation of settlement with the bank from the minutes of meeting of Board of Directors and its approval thereof.
- Verification of settlement agreement with the bank and its covenants.
- Ensured payments of loan liability settled as per the aforesaid agreement.
- Tracing the entries in the bank statements in order to ensure that amount of settlement has duly been paid as per the settlement agreement.
- Reviewing adjustments made in the books of account regarding the final settlement as per the applicable financial reporting framework requirements.
- Reviewing reply received from legal advisors to ensure that petitions/ cases have been withdrawn by the company and the bank as per the settlement agreement.

(iii) **Loan From Chief Executive Written Back**

During the year, the company has written back loan from chief executive amounting Rs. 150 million as referred to note 37.1 to the financial statements of the company.

We consider it as a key audit matter in view of significance of the transaction amount and its substantial effect on the company's financial position

Our audit procedures inter-alia included:

- Verification of gift deed.
- Confirmation of balance outstanding in the books of account of loan of Chief Executive through direct balance confirmation circulated.
- Examination of minutes of meeting of board of directors and its approval for written back of loan.
- Tracing the entries in general ledger of loan from chief executive in order to ensure that loan liability has duly been adjusted by the amount written back

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

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

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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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 Shabbir Ahmed.



CHARTERED ACCOUNTANTS  
Karachi:

**BALANCE SHEET****STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2018**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2018 Rupees</b>	<b>2017 Rupees (Re-stated)</b>	<b>2016 Rupees (Re-stated)</b>
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized share capital 70,000,000 (2017: 70,000,000) Ordinary shares of Rs. 10 each		700,000,000	700,000,000	700,000,000
Issued, subscribed and paid up share capital	6	522,144,000	522,144,000	522,144,000
Capital reserves	7	3,240,000	3,240,000	3,240,000
Accumulated loss		(655,018,427)	(659,208,704)	(532,018,683)
Revaluation surplus on property, plant and equipment-net of tax	8	316,787,467	323,759,003	415,692,905
		187,153,040	189,934,299	409,058,222
Long term loan from chief executive and directors	9	310,021,554	460,101,554	426,936,389
		497,174,594	650,035,853	835,994,611
<b>NON CURRENT LIABILITIES</b>				
Long term financing from banking companies	10	-	2,500,002	5,833,335
Long term financing from others	11	79,420,000	83,015,625	97,174,687
Long term financing from associates	12	52,651,676	51,575,312	50,665,428
Deferred liabilities	13	80,992,510	88,191,136	6,206,400
		213,064,186	225,282,075	159,879,850
<b>CURRENT LIABILITIES</b>				
Trade and other payables	14	144,703,110	141,090,960	116,162,683
Deposits, accrued liabilities and advances	15	130,678,004	114,552,602	133,954,592
Accrued mark up / interest	16	11,217,986	5,716,498	3,158,074
Unclaimed dividend		402,570	402,570	402,570
Loan from banking companies	17	175,934,149	198,832,153	176,319,365
Loan from related party	18	12,869,000	-	-
Current portion of non current liabilities				
Long term financing from banking companies	10	4,166,665	4,166,665	4,246,140
Long term financing from others	11	175,933,921	137,479,125	70,340,079
Provision for taxation	19	2,700,065	-	10,763,419
		658,605,470	602,240,573	515,346,922
CONTINGENCIES AND COMMITMENTS	20	-	-	-
		<b>1,368,844,250</b>	<b>1,477,558,501</b>	<b>1,511,221,383</b>

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

**CHIEF EXECUTIVE**

**AS AT JUNE 30, 2018**

<b>ASSETS</b>	<b>Note</b>	<b>2018 Rupees</b>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment	21	868,457,835	902,017,774	942,463,285
Long term deposits and prepayments	22	5,735,445	7,952,894	6,990,105
<b>CURRENT ASSETS</b>				
Stores, spare parts and loose tools	23	115,559,079	130,602,704	132,604,214
Stock in trade	24	333,342,716	384,738,058	363,255,281
Trade debts	25	14,659,943	13,037,658	19,815,092
Loan and advances	26	17,630,164	20,496,170	15,641,499
Trade deposits, short term prepayments and current account balances with statutory authorities	27	10,330,992	14,879,098	27,628,974
Receivables from associated companies	28	-	1,072,062	1,182,562
Other receivables	29	-	-	-
Tax refunds due from Government	30	1,788,171	1,007,647	-
Cash and bank balances	31	1,339,905	1,754,436	1,640,371
		494,650,970	567,587,833	561,767,993
		<b><u>1,368,844,250</u></b>	<b><u>1,477,558,501</u></b>	<b><u>1,511,221,383</u></b>

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



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees (Re-stated)	2016 Rupees (Re-stated)
Sales- net	32	325,009,471	400,356,060	292,887,705
Cost of sales	33	(414,947,670)	(511,561,396)	(418,265,102)
Gross loss		(89,938,199)	(111,205,336)	(125,377,397)
Distribution cost	34	(149,105)	(46,317)	(2,797,353)
Administrative expenses	35	(18,365,421)	(16,935,136)	(18,960,165)
Other operating expenses	36	(10,000,000)	-	-
		(28,514,526)	(16,981,453)	(21,757,518)
Other income	37	156,913,063	1,739,460	851,030
		38,460,338	(126,447,329)	(146,283,884)
Finance cost	38	(43,859,906)	(8,272,572)	(10,786,949)
<b>Loss before taxation</b>		(5,399,568)	(134,719,901)	(157,070,834)
Taxation	39	(317,648)	(3,586,800)	(18,615,970)
<b>Loss for the year</b>		(5,717,216)	(138,306,701)	(175,686,804)
<b>Earnings per share- basic and diluted</b>	40	(0.11)	(2.65)	(3.37)

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees (Re-stated)	2016 Rupees (Re-stated)
<b>Cash generated from operations</b>	<b>A</b>	<b>15,405,495</b>	<b>(97,597,695)</b>	<b>(77,146,812)</b>
Finance cost paid		(2,355,272)	(4,903,566)	(6,511,894)
Income tax paid		2,694,121	(2,030,587)	(2,453,697)
Staff retirement benefits - gratuity paid		(809,023)	(435,729)	-
<b>Net cash flows from operating activities</b>		<b>14,935,321</b>	<b>(104,967,577)</b>	<b>(86,112,403)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale proceeds from disposal of vehicle		-	700,000	-
Fixed asset expenditure		(4,890,684)	-	-
Long term deposits		2,217,449	(962,789)	(1,280,460)
<b>Net cash used in investing activities</b>		<b>(2,673,235)</b>	<b>(262,789)</b>	<b>(1,280,460)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Long term financing from banking companies		(2,500,002)	(3,412,808)	62,051,863
Long term financing from others		(1,143,975)	52,169,403	-
Long term financing from directors and associates		13,865,364	34,075,049	58,689,974
<b>Net cash generated from financing activities</b>		<b>10,221,387</b>	<b>82,831,644</b>	<b>120,741,837</b>
Net increase in cash and cash equivalents		22,483,473	(22,398,723)	33,348,974
Cash and cash equivalents at the beginning of the year		(197,077,717)	(174,678,994)	(208,027,968)
Cash and cash equivalents at the end of the year	<b>B</b>	<b>(174,594,244)</b>	<b>(197,077,717)</b>	<b>(174,678,994)</b>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees (Re-stated)	2016 Rupees (Re-stated)
<b>A - CASH GENERATED FROM OPERATIONS</b>				
Loss before taxation		(5,399,568)	(134,719,901)	(157,070,834)
Adjustments for :				
Depreciation	21	38,450,623	40,344,172	45,957,004
Provision for staff retirement benefits - gratuity	13.1	1,367,726	1,615,683	1,562,524
Finance cost	38	43,859,906	8,272,572	10,786,949
Balances written back/(off)	37.1	(155,288,893)	-	-
Gain on disposal of vehicle	37	-	(598,661)	-
		(71,610,638)	49,633,766	58,306,477
Loss before working capital changes		(77,010,206)	(85,086,135)	(98,764,356)
<b>Effect on cash flow due to working capital changes</b>				
<b>(Increase) / decrease in current assets</b>				
Stores, spares and loose tools		15,043,625	2,001,510	(20,005,041)
Stock in trade		51,395,342	(21,482,776)	42,853,870
Trade debts		(1,622,285)	6,777,433	6,665,542
Loans and advances		2,691,006	(4,854,671)	14,202,811
Trade deposits and short term prepayments		4,925	(4,925)	-
Receivables from associated companies		1,072,062	110,500	6,153,530
Tax refunds due from Government		(780,524)	(1,007,647)	-
<b>Increase / (decrease) in current liabilities</b>				
Trade and other payables		3,022,255	25,351,006	(35,848,848)
Deposits, accrued liabilities and advances		21,589,295	(19,401,990)	7,595,680
		92,415,701	(12,511,560)	21,617,544
<b>Cash used in operations</b>		15,405,495	(97,597,695)	(77,146,812)
<b>B- Cash and cash equivalents</b>				
Cash and bank balances	31	1,339,905	1,754,436	1,640,371
Loan from banking companies	17	(175,934,149)	(198,832,153)	(176,319,365)
		(174,594,244)	(197,077,717)	(174,678,994)

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2018**

	Share capital	Capital reserves	Revenue reserve	Revaluation surplus on property, plant and equipment	Sub Total	Long term loan from chief executive and directors	Total
			Accumulated loss				
-----Rupees-----							
<b>Balance as at June 30, 2015- As previously reported</b>	522,144,000	3,240,000	(287,716,230)	-	237,667,770	-	237,667,770
Impact of restatement- note 4.2	-	-	-	-	-	369,086,071	369,086,071
Impact of restatement- note 17.6	-	-	(89,137,566)	-	(89,137,566)	-	(89,137,566)
Impact of restatement- note 4.1.1	-	-	-	463,317,944	463,317,944	-	463,317,944
<b>Balance as at June 30, 2015- Restated</b>	522,144,000	3,240,000	(376,853,796)	463,317,944	611,848,148	369,086,071	980,934,219
Total comprehensive loss for the year	-	-	(172,430,234)	-	(172,430,234)	-	(172,430,234)
Loan received during the year	-	-	-	-	-	58,689,974	58,689,974
Loan paid during the year	-	-	-	-	-	(839,656)	(839,656)
Deficit arising on revaluation of property, plant and equipment during the year	-	-	-	(49,530,630)	(49,530,630)	-	(49,530,630)
Transferred from surplus on revaluation of property, plant and equipment on account of reversal of deferred tax liability for the year	-	-	-	19,170,938	19,170,938	-	19,170,938
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred taxation	-	-	17,265,347	(17,265,347)	-	-	-
<b>Balance as at June 30, 2016- Restated</b>	522,144,000	3,240,000	(532,018,683)	415,692,905	409,058,222	426,936,389	835,994,611
Total comprehensive loss for the year	-	-	(137,105,850)	-	(137,105,850)	-	(137,105,850)
Loan received during the year	-	-	-	-	-	33,191,048	33,191,048
Loan paid during the year	-	-	-	-	-	(25,883)	(25,883)
Transferred from surplus on revaluation of property, plant and equipment on account of deferred tax attributable to surplus	-	-	-	(82,018,073)	(82,018,073)	-	(82,018,073)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred taxation	-	-	9,915,829	(9,915,829)	-	-	-
<b>Balance as at June 30, 2017- Restated</b>	522,144,000	3,240,000	(659,208,704)	323,759,003	189,934,299	460,101,554	650,035,853
Total comprehensive profit for the year	-	-	(5,378,498)	-	(5,378,498)	-	(5,378,498)
Loan received during the year	-	-	-	-	-	10,000	10,000
Loan paid during the year	-	-	-	-	-	(90,000)	(90,000)
Loan written back during the year	-	-	-	-	-	(150,000,000)	(150,000,000)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred taxation	-	-	9,568,775	(9,568,775)	-	-	-
Revaluation surplus on property, plant and equipment - adjustment due to change in tax rate	-	-	-	2,597,239	2,597,239	-	2,597,239
<b>Balance as at June 30, 2018</b>	522,144,000	3,240,000	(655,018,427)	316,787,467	187,153,040	310,021,554	497,174,594

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2018**

	2018 Rupees	2017 Rupees (Re-stated)	2016 Rupees (Re-stated)
Loss for the year	(5,717,216)	(138,306,701)	(175,686,804)
<b>Other comprehensive income:</b>			
<b>Item that may be reclassified subsequently to profit and loss account:</b>	-	-	-
<b>Item that will not be reclassified to profit and loss account:</b>			
Remeasurement of staff retirement benefits	469,291	1,636,020	4,267,479
Deferred tax on remeasurement of staff retirement benefits	(130,573)	(435,169)	(1,010,909)
	338,718	1,200,851	3,256,570
Total other comprehensive income - net of tax	338,718	1,200,851	3,256,570
<b>Total comprehensive loss for the year</b>	<b>(5,378,498)</b>	<b>(137,105,850)</b>	<b>(172,430,234)</b>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### **1 STATUS AND NATURE OF BUSINESS**

The company was incorporated in Pakistan on October 18, 1980 as a private limited company and was subsequently converted into public limited company. The registered office of the company is located at 3-A, SMC Housing Society, Shakra-e-Faisal, Karachi and head office of the company is located at 35-Industrial area, Gulberg III, Lahore. The shares of the company are quoted on the Pakistan stock exchange limited. The principal business of the company is manufacturing and sale of yarn. The manufacturing units are located at Manga Road, Raiwind in the province of Punjab.

#### **1.1 Going concern assumption**

The company has been incurring gross losses for the last six years due to under utilization of production capacity. During the year ended June 30, 2018, the company has incurred a net loss amounting Rs. 5.717 million and has accumulated loss Rs.655.018 million as of that date. During the year, unit-1 of the company was operated almost full year. Due to un-sustained supply of gas, the company was unable to produce electricity from its own electricity generation plant. Consequently, production of yarn is considerably less as compared with the installed capacity. All these factors impede the company to achieve the optimal production.

These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements, however, have been prepared under the going concern assumptions based on the following mitigating factors narrated below;

The company had submitted request to LESCO for enhancement of load is in process. During the year, Sponsoring Directors of the company have injected further funds amounting Rs. 14.64 million along with written commitment to the company stating that they would inject funds as and when required by the company. The Sponsoring Directors also put on record that they have enough liquid fund to fulfill their commitments. Subsequent to the year end, the directors/sponsors injected funds amounting Rs. 108.69 million. Further, during the year the chief executive has waived off the loan payable to him amounting Rs. 150.00 million. Based on these factors, the management of the company has also developed a financial plan which, inter-alia, includes cost cutting measures that would be taken to achieve the objects of the company.

In addition to the above and as part of the revival scheme, the management has finalised out of court settlement with Habib Metropolitan Bank. As per agreement, the company would pay Rs. 150 million on account of all loan liabilities of Habib Metropolitan Bank Limited.

### **2 BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Accounting convention**

These financial statements have been prepared under the historical cost convention except as;

Finance lease obligation which is measured at the present value of future minimum lease payments.

Further accrual basis of accounting is followed in the preparation of these financial statements except for cash flow information.

**2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupee, which is the company's functional currency.

**2.4 Judgments, estimates and assumptions**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in subsequent years are as follows:

- a) Staff retirement benefits;
- b) Taxation; and
- c) Useful life of depreciable assets and provision for impairment there against.

**2.5 NEW STANDARDS, AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND NEW INTERPRETATIONS****2.5.1 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 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, change in threshold for identification of executives, additional disclosure requirements for related parties etc.

The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended June 30, 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.

**2.5.2 New standards, amendments to approved accounting standards and interpretations that are effective for the Company's accounting periods beginning on or after July 1, 2018.**

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further during the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Customers' and IFRS 16 'Leases'. IFRS 9 and IFRS 15 are applicable for the Company's financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Company's future financial statements are being assessed. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****3.1 Share capital**

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

**3.2 Taxation****Current**

Company's export sales fall under presumptive tax regime under Section 169 of the Income Tax Ordinance, 2001. Charge for current taxation other than export is based on taxable income at the current rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

**Deferred**

The company accounts for deferred taxation using the liability method on all timing differences which are considered reversible in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred tax is calculated at the rates expected to apply to the period when the related temporary differences reverse, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

**3.3 Staff retirement benefits - gratuity**

The Company operates an unfunded Gratuity Scheme covering all the employees of the Company with qualifying service period of six months. Provision is made annually on the basis of actuarial valuation. The most recent actuarial valuation was carried out as at June 30, 2017 using the Projected Unit Credit Method. Actuarial gains and losses are recognized in accordance with the recommendations of the actuary. Further, the management of the company could not determine the expected payments in next period reasonably.

<b>Principal Actuarial Assumptions</b>	<b>2018</b>	<b>2017</b>
Discount Rate	9%	7.75%
Expected rate of eligible salary increase in future years	9%	7.75%



### **3.4 Foreign Currency Translations**

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are included in income currently.

### **3.5 Trade and Other Payables**

Liabilities for trade creditors and other amounts payable are 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.

### **3.6 Dividends**

Dividend distribution to company's shareholders is recognized as a liability in the period in which dividend is approved.

### **3.7 Contingencies and Commitments**

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the financial statements.

### **3.8 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 economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

### **3.9 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and capital work-in-progress. Freehold land is stated at revalued amount and capital work-in-progress is stated at cost consisting of expenditure incurred in respect of fixed assets in the course of their construction and installation. Cost of certain plant and machinery consists of historical cost and exchange fluctuations on foreign currency loans utilized for acquisition thereof. Borrowing costs pertaining to erection / construction period are capitalized as part of the historical cost.

Depreciation is charged to income applying reducing balance method to write-off the cost, capitalized exchange fluctuations and borrowing costs over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets. Rates of depreciation are stated in (note 21).

Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

Gains/losses on disposal of fixed assets are taken to Profit and Loss Account.



Minor repairs and maintenance are charged to income, as and when incurred. Major renewals and replacements are capitalized and the assets so replaced, if any, other than those kept as stand by, are retired.

**3.10 Intangible assets**

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date.

**3.11 Capital Work in Progress**

Capital work in progress is stated at cost less any identified impairment loss.

**3.12 Long Term Deposits and Loans**

These are stated at cost which represents the fair value of consideration given.

**3.13 Stores, Spares and Loose Tools**

Useable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores and spares are valued at cost comprising invoice value plus other charges paid thereon.

**3.14 Stocks in trade and stores, spares and loose tools**

These are valued at lower of cost or net realizable value except stock in transit which are valued at cost comprising invoice values plus other charges incurred up to the balance sheet date. Cost is determined as under;

Raw material	Weighted average cost
Packing material	Moving average cost
Work in process	Raw material cost and appropriate manufacturing overheads
Finished goods	Raw material cost, packing material cost and appropriate manufacturing overheads
Waste	Net realizable value

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

**3.15 Trade debts and other receivables**

Trade debts and other receivables are recognised initially at invoice value, which approximates fair value, and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. The provision is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account. Exchange gains and losses arising in respect of trade and other receivables in foreign currency are added to the carrying amount of receivables.



### **3.16 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in cash flow statement comprise of cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term running finances under mark up arrangements.

### **3.17 Financial instruments**

#### **Classification**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current assets.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the statement of financial position date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the statement of financial position.

#### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investments within twelve months from the statement of financial position date.

#### **Held to maturity**

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortised cost.

### **3.18 Recognition and measurement**

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date; the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.



Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available -for- sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any. The Company assesses at each statement of financial position date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 3.15.

### **3.19 Financial liabilities**

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

### **3.20 Off-setting of Financial Assets and Financial Liabilities**

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

### **3.21 Impairment**

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

### **3.22 Revenue recognition**

Export sales are booked on shipment basis.

Other sales are recorded when significant risks and rewards of ownership of the goods have passes to the customers which coincides with dispatch of goods to customers.

Return on deposits with banks is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend is recognized as income when the right to receive dividend is established.

Other revenues are recorded, as and when due, on accrual basis.



### **3.23 Borrowings and borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income in the period of incurrence.

### **3.24 Basic and diluted earnings per share**

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

## **4 CHANGE IN ACCOUNTING POLICY**

### **4.1 Revaluation surplus on property, plant and equipment-net of tax**

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of land and building stands amended as follows:

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

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.





	2018 Rupees	2017 Rupees	2016 Rupees
<b>6 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>			
52,214,400 (2017: 52,214,400) Ordinary shares of Rs. 10 each allotted for consideration fully paid in cash	522,144,000	522,144,000	522,144,000

6.1 Ordinary shares of the company held by the associated companies at the year end are as follows:

Associated companies	Basis of Relationship	2018	2017	2016
		-----Number of shares-----		
Naheed Noor Enterprises Limited	Common directorship	300,000	300,000	300,000
Naheed Noor (Pvt.) Limited	Common directorship	100,500	100,500	100,500
Sunrise Bottling Company (Pvt.) Limited	Common directorship	6,500,000	6,500,000	6,500,000
		<u>6,900,500</u>	<u>6,900,500</u>	<u>6,900,500</u>

6.2 Reconciliation of number of ordinary shares of Rs. 10 each fully paid in cash

At the beginning of the year	52,214,400	52,214,400	52,214,400
Issued during the year	-	-	-
At the end of the year	<u>52,214,400</u>	<u>52,214,400</u>	<u>52,214,400</u>

6.3 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry 'one vote' per share without restriction.

## 7 CAPITAL RESERVES

7.1 The balance on this account represents reserves created on acquisition of special national fund bonds.

	Note	2018 Rupees	2017 Rupees (Re-stated)	2016 Rupees (Re-stated)
<b>8 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT-NET OF TAX</b>				
Balance as at July 01,		405,777,076	544,511,084	611,307,061
Add: Provided/ (reversed) during the year		-	(128,818,179)	(49,530,630)
		405,777,076	415,692,905	561,776,431
Transferred to accumulated loss in respect of incremental depreciation charged during the year		(9,568,775)	(9,915,829)	(17,265,347)
Related deferred tax liability		(4,100,904)	-	-
		<u>(13,669,679)</u>	<u>(9,915,829)</u>	<u>(17,265,347)</u>
		392,107,397	405,777,076	544,511,084
Less: Related deferred tax liability				
- at beginning of the year		82,018,073	-	-
- on surplus arising on revaluation during the year		-	82,018,073	128,818,179
- on incremental depreciation charged during the year		(4,100,904)	-	-
- on adjustment due to change in tax rate		(2,597,239)	-	-
		<u>75,319,930</u>	<u>82,018,073</u>	<u>128,818,179</u>
		<u>316,787,467</u>	<u>323,759,003</u>	<u>415,692,905</u>

8.1 This represents surplus on revaluation of property, plant and equipment carried out on June 30, 2016 (previously these were revalued on September 30, 2001, September 30, 2004, June 30, 2008 and June 30, 2013) adjusted by surplus realized on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation.

8.2 Based on the latest revaluation report, the forced sale value of above said land, building and plant and machinery is amounting Rs. 124,652,500, Rs. 149,663,175 and Rs. 441,168,375 respectively.

## 9 LONG TERM LOAN FROM CHIEF EXECUTIVE AND DIRECTORS

	Aggregate % of shareholding	Note	2018 Rupees	2017 Rupees (Re-stated)	2016 Rupees (Re-stated)
<b>Chief Executive</b>					
Mr. Noor Elahi	34.08%		19,601,878	169,601,878	169,555,761
<b>Directors</b>					
Mrs. Parveen Elahi	16.78%		180,023,121	180,103,121	146,984,073
Mrs. Naheed Javed	32.65%		110,396,555	110,396,555	110,396,555
		<b>9.1</b>	<u>310,021,554</u>	<u>460,101,554</u>	<u>426,936,389</u>



- 9.1 These loans are unsecured and do not bear any interest or other profit. The loan is repayable at the discretion of the company. Company has no intention to repay director loan within next twelve months from the balance sheet date. Therefore, no portion has been classified under current liabilities.

## 10 LONG TERM FINANCING FROM BANKING COMPANIES

	Note	2018 Rupees	2017 Rupees (Re-stated)	2016 Rupees (Re-stated)
<b>Secured - from banking companies</b>				
Bank Al Habib Limited				
Term finance	10.1	4,166,665	6,666,667	10,000,000
Term finance	10.2	-	-	79,475
Habib Metropolitan Bank Limited				
Commercial loan - frozen markup	10.3 & 10.4	-	-	-
		4,166,665	6,666,667	10,079,475
Current portion		(2,499,999)	(3,333,332)	(3,412,807)
Over due portion		(1,666,666)	(833,333)	(833,333)
		(4,166,665)	(4,166,665)	(4,246,140)
		-	2,500,002	5,833,335

- 10.1 During the year 2016, the company had obtained long term loan for rescheduling / restructuring of overdue FAPC-own facility. The loan is repayable in 12 equal quarterly installments of Rs. 833,333 commenced from June 2016. The loan is secured against bank equitable / registered mortgage charge over the industrial land comprising of unit 1 of the company, measuring 56 kanals, situated at 3 km Raiwind-Manga road Kasur, for Rs. 160 million along with bank registered hypothecation charge over the plant and machinery for Rs.160 million and on industrial land comprising of khasra 1274, 1275 measuring 16 kanals situated at 3 km Manga Raiwind road Lahore, Kasur and personal guarantees of one director amounting Rs. 150 million. The loan is secured against registered hypothecation charge over stocks for Rs. 100 million (first pari passu charge up to Rs. 50 million), ranking charge over book debts of Rs. 50 million, pledge over cotton bales, lien over export LCs and documents of equivalent amount and counter guarantee. The loan is subject to markup at the rate of three months KIBOR plus 1.5 percent (2017: three months KIBOR plus 1.5 percent) payable on quarterly basis.

- 10.2 The loan was obtained for purchase of vehicle during the year ended June 30, 2013. The loan was repayable in 36 equal monthly installments of Rs. 26,492 commenced from September 2013. The loan was subject to markup at the rate of 6 months KIBOR plus 3.5% per annum. The loan was secured by way of charge (registered with SECP for Rs 1.00 million) over the vehicle and vehicle was registered jointly in the name of the company and the bank, which has been transferred solely in the name of the company during the year 2017.

- 10.3 Commercial loan was obtained for restructuring and rescheduling of existing outstanding term loans. The term finance was secured against legal mortgage of Rs. 5.5 million and equitable mortgage on fixed assets of the company including land (measuring 74 Kanals and 13 marlas), building and plant and machinery (valuing Rs. 646.53 millions), charge over stocks and receivable for Rs. 90 million, lien over export documents, L/C and personal guarantees of sponsoring directors. The loan is repayable in 10 years with 2 years grace period commenced from September 2011. It carries mark up at the rate of 7.5% per annum for first year and three months KIBOR plus 2% with floor of 10% subsequently.

During the year ended June 30, 2012, the company has paid off Rs. 326.209 million (Installments due up to December 2017) against long term financing from Habib Metro politan bank to reduce high borrowing cost.

- 10.4 During the year ended June 30, 2012 the company had paid Rs. 390,000,000 to Habib Metropolitan Bank Limited against outstanding amount of commercial loan, short term FAPC and short term running finance of Rs. 305,035,996, Rs. 35,000,000 and Rs. 49,975,925 respectively.

During the year ended June 30, 2012, the management had requested the bank vide letter dated: August 10, 2011 and August 25, 2011 as under:

While making payment of Rs. 390 million vide letter dated: August 10, 2011 and August 25, 2011, it was requested that the paid amount Rs. 390 million should be adjusted against principal liability first. On the contrary, Habib Metropolitan Bank Limited had not adjusted the payment of Rs. 390 million to settle the principal liability of various loans and settled the amount against markup payable and continue to charge the interest which includes interest on interest amounted to Rs.65,390,954. The company continue to record the liability figures (principal and markup) as per confirmation by the Habib Metropolitan Bank Limited.

The Habib Metropolitan Bank Limited verbally assured the company to adjust the payment against the principal dues as instructed by the company as per the company requests dated: August 10, 2011 and August 25, 2011. When no confirmation was received from the bank, the management had settled the financial statements with prior year adjustment.

The management adjusted the payment made against principal first and thereafter charged to interest/markup (if any). Management believes that there is no outstanding liability toward Habib Metropolitan Bank Limited which has been settled.



During the year ended June 30, 2015, the company had written back commercial loan amounting Rs. 24,156,526, Short term (FAPC, running finance and cash finance) amounting Rs. 99,130,938 and markup payable on short term and long term loans amounting Rs. 65,390,954. This error had been adjusted retrospectively in accordance with the requirement of International Accounting Standards (IAS-8) "Accounting Policies, Changes in Accounting Estimates and Errors" and the resulting adjustments had been made in relevant years. Consequently, long term financing from banking companies, short term borrowings from banking companies and accrued markup as at June 30, 2014 has decreased by Rs. 24,156,526, Rs. 99,130,938 and Rs. 65,390,954 respectively. Shareholders equity as at June 30, 2013 and June 30, 2014 had increased by Rs. 151,723,975 and Rs. 170,163,362 respectively and loss for the year ended June 30, 2014 and June 30, 2015 had reduced by Rs. 18,439,387 and Rs. 18,515,056 respectively.

Subsequent to the year end, the management of the company successfully negotiated with the Habib Metropolitan Bank and settled the matter out of court. Resultantly, the bank agreed to settle all liabilities of loan and finances obtained by the company against the final settlement amounting Rs.150 million. The management of the company agreed upon the settlement amounting Rs.150 million and paid the aforesaid amount subsequent to the year end and adjustments have been made in the financial statements accordingly as explained in note 17.6.

## 11 LONG TERM FINANCING FROM OTHERS

	Note	2018 Rupees	2017 Rupees	2016 Rupees
<b>Unsecured</b>				
- from Queenberg Venture Limited	11.1	133,760,000	115,500,000	115,170,000
- from Messi Capital Investment Limited	11.2	121,593,921	104,994,750	52,344,766
		255,353,921	220,494,750	167,514,766
<b>Less: Current maturity</b>	11.1 & 11.2	(175,933,921)	(137,479,125)	(70,340,079)
		<u>79,420,000</u>	<u>83,015,625</u>	<u>97,174,687</u>
<b>11.1 Unsecured - from QueenBerg Venture Limited</b>				
Opening/Transferred from share application money	11.3 & 11.4	99,363,000	99,363,000	99,363,000
Accumulated exchange loss on foreign loan		34,397,000	16,137,000	15,807,000
		133,760,000	115,500,000	115,170,000
Current portion		(16,720,000)	(14,437,500)	(14,396,250)
Overdue portion		(37,620,000)	(18,046,875)	(3,599,063)
		(54,340,000)	(32,484,375)	(17,995,313)
		<u>79,420,000</u>	<u>83,015,625</u>	<u>97,174,687</u>
<b>11.2 Unsecured - from Messi Capital Investment Ltd</b>				
Foreign loan I	11.5	52,369,763	52,369,763	52,369,763
Foreign loan II	11.6	52,395,000	52,395,000	-
Accumulated exchange loss on foreign loan		16,829,158	229,987	(24,997)
		121,593,921	104,994,750	52,344,766
Current portion		(121,593,921)	(104,994,750)	(52,344,766)
		<u>-</u>	<u>-</u>	<u>-</u>

**11.3** During the year ended June 30, 2012, the company had received an amount of Rs. 99,363,000 from Queenberg Venture Limited for issue of shares in future subject to the compliance of all legal requirements. However, shares had not been issued against share deposit money and during the year 2014 this amount was converted into Foreign Currency Loan (At foreign currency amount originally received for issue of shares) as disclosed.

**11.4** The Share deposit money referred above was received from Queenberg Venture Limited (a company incorporated under British Virgin Island Business companies Act, 2004, Singapore) as advance payment towards "Share Application Money" on 8th February 2012 for participation in the share equity of the company at agreed number of shares at the time of deposit of money. Shares had not been issued by the company against the share deposit money and investor decided to convert their investment (at originally disbursed foreign currency amount i.e. US. \$ 1,100,000) into repatriable foreign currency loans on basis in term of paragraph 17 (ii) of Chapter XIX of foreign Exchange Manual 2002 of State Bank of Pakistan and through negotiations, party agreed to convert their "Equity Participation Fund" into Long term financing for a period of 10 years. The loan is repayable in 32 equal quarterly installments of \$ 34,375 which commencing from June 2016 including grace period of two years. The loan is subject to markup at the rate of 1.8494% (applicable 6 month LIBOR plus 1.5% at the time of signing agreement) to be payable six monthly.

**11.5** During the year ended June 30, 2016, the Company had received an amount of Rs. 52,369,763 ( US \$ 499,950) from Messi Capital Investment Limited (a company incorporated under British Virgin Island Business companies Act 2004, Singapore) as loan. The loan of US \$ 499,950 is against the limit of US \$ 1,000,000 on repatriable basis in terms of paragraph 17 (ii) of Chapter XIX of foreign Exchange Manual 2002 of State Bank of Pakistan (thereinafter referred to as the Exchange Control regulation) for the a period of 10 years. The loan shall be repayable on the of first occurrence of (i) December 2025 or (ii) on the second business day of following the demand for repayment thereof by the lender. The loan is repayable in 16 equal half yearly installments of \$ 31,250 which commences from June 2018 including the first two years as grace period for principal payment. The loan is subject to markup at 6 month LIBOR plus 1% spread to payable six monthly. Although the loan is of long term nature, but due to conditions regarding repayment mentioned in (ii) above, the whole outstanding amount had been transferred to current maturity.

**11.6** During the year ended June 30, 2017, the Company has received amounting Rs. 52,395,000 ( US \$ 500,000) from Messi Capital Investment Limited against above mentioned limit of US \$ 1,000,000 (a company incorporated under British Virgin Island Business companies Act 2004, Singapore) as loan. The loan is on repatriable basis in terms of paragraph 17 (ii) of Chapter XIX of foreign Exchange Manual 2002 of State Bank of Pakistan (thereinafter referred to as the Exchange Control regulation) for the a period of 10 years. The loan shall be repayable on the of first occurrence of (i) December 2025 or (ii) on the second business day of following the demand for repayment thereof by the lender. The loan is repayable in 16 equal half yearly installments of \$ 31,250 which commences from June 2019 including the first two years as grace period for principal payment. The loan is subject to markup at 6 month LIBOR plus 1% spread to payable six monthly. Although the loan is of long term nature, but due to conditions regarding repayment mentioned in (ii) above, the whole outstanding amount has been transferred to current maturity.



		Aggregate % of shareholding	2018 Rupees	2017 Rupees	2016 Rupees
<b>12 LONG TERM FINANCING FROM ASSOCIATES</b>					
<b>Associated companies</b>	<b>Basis of relationship</b>				
Naheed Noor (Pvt) Limited	Common directorship	Nil	3,848,844	3,848,844	3,848,844
Naheed Noor Enterprises (Pvt) Ltd.	Common directorship	0.57%	43,051,270	43,051,270	43,051,270
Pure Drinks (Pvt) Limited	Common directorship	Nil	1,044,656	1,044,656	444,656
Aroma Drinks (Pvt) Limited	Common directorship	Nil	4,208,042	3,630,542	3,320,658
Sunrise Bottling Co. (Pvt) Limited	Common directorship	12.45%	498,864	-	-
			<u>52,651,676</u>	<u>51,575,312</u>	<u>50,665,428</u>

**12.1** These loans are unsecured and do not bear any interest or other profit. The loan is repayable at the discretion of the company. Company has no intention to repay director loan within next twelve months from the balance sheet date. Therefore, no portion has been classified under current liabilities.

	Note	2018 Rupees	2017 Rupees	2016 Rupees
<b>13 DEFERRED LIABILITIES</b>				
Staff retirement benefits - gratuity	13.1	5,672,580	6,173,063	6,206,400
Deferred taxation	13.2	75,319,930	82,018,073	-
		<u>80,992,510</u>	<u>88,191,136</u>	<u>6,206,400</u>

**13.1 Staff retirement benefits - gratuity**

**13.1.1 Movement in the net liability recognized in the balance sheet**

Opening net liability		6,173,063	6,206,400	14,085,200
Expense recognized in profit and loss account	13.1.5	1,367,726	1,615,683	1,562,524
Recognized in other comprehensive income		(469,291)	(1,636,020)	(4,267,479)
		<u>7,071,498</u>	<u>6,186,063</u>	<u>11,380,245</u>
Benefits paid during the year		(393,758)	(13,000)	-
Liability transferred to current liabilities		(1,005,160)	-	(5,173,845)
Closing net liability		<u>5,672,580</u>	<u>6,173,063</u>	<u>6,206,400</u>

**13.1.2 Movement in present value of defined benefit obligation**

Present value of defined benefit obligation - opening		6,173,063	6,206,400	14,085,200
Current service cost		904,572	1,099,231	1,175,689
Interest cost		463,154	516,452	386,835
Re-measurements gain		(469,291)	(1,636,020)	(4,267,479)
Benefits paid during the year		(393,758)	(13,000)	-
Transferred to trade and other payables		(1,005,160)	-	(5,173,845)
Present value of defined benefit obligation - closing		<u>5,672,580</u>	<u>6,173,063</u>	<u>6,206,400</u>

**13.1.3 Historical information**

	2018	2017	2016	2015	2014
Present value of defined benefit obligation	5,672,580	6,173,063	6,206,400	14,085,200	16,862,053

**13.1.4 Liability recognized in Balance Sheet**

	2018 Rupees	2017 Rupees	2016 Rupees
Present value of obligation	5,672,580	6,173,063	6,206,400
	<u>5,672,580</u>	<u>6,173,063</u>	<u>6,206,400</u>

**13.1.5 Expense recognized**

**In Profit and Loss Account**

Current service cost	904,572	1,099,231	1,175,689
Interest cost	463,154	516,452	386,835
	<u>1,367,726</u>	<u>1,615,683</u>	<u>1,562,524</u>

**In Other Comprehensive Income**

Re-measurements in the year	(469,291)	(1,636,020)	(4,267,479)
	<u>(469,291)</u>	<u>(1,636,020)</u>	<u>(4,267,479)</u>



	2018	2017	2016
<b>13.1.6 Principle actuarial assumptions</b>			
Discount factor used	9.00%	7.75%	8.33%
Expected rate of salary increase	9.00%	7.75%	10.00%

### 13.1.7 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made on the basis of actuarial valuation carried on using Projected Unit Credit Method.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumptions Percentage	Increase in assumption Rupees	Decrease in assumption Rupees
Discount Rate	1%	5,297,925	6,113,071
Salary growth rate	1%	6,107,895	5,291,474

The average duration of the defined benefit obligation is 9 years (2017: 10 years).

### 13.2 Deferred taxation

The net liability for deferred taxation comprises of temporary differences.

#### Taxable temporary difference

Accelerated tax depreciation allowance	103,060,128	102,295,299	159,951,799
Surplus on revaluation of property, plant and equipment	75,319,930	82,018,073	-
	178,380,058	184,313,372	159,951,799

#### Deductible temporary differences

Provision for doubtful debts	(388,611)	(371,512)	(330,860)
Staff retirement benefits - gratuity	(4,108,518)	(3,903,951)	(1,470,214)
Unused tax losses carried forward	(155,093,241)	(258,367,111)	(185,394,912)
Turnover tax available for carry forward	(8,086,482)	(4,021,969)	-
Deferred tax asset not recognized on unused losses	64,616,724	164,369,244	27,244,187
	(98,562,999)	(98,019,836)	(158,150,725)
	(103,060,128)	(102,295,299)	(159,951,799)
	75,319,930	82,018,073	-

#### Reconciliation of deferred tax (income)/expense for the year

Balance as at July 01,	82,018,073	-	-
Add: Charge/(Reversal) during the year			
Profit and loss account	(4,231,477)	(435,169)	18,160,030
Other comprehensive income	130,573	435,169	1,010,909
Deferred tax attributed to revaluation surplus of property, plant and equipment	(2,597,239)	82,018,073	(19,170,939)
	(6,698,143)	82,018,073	-
	75,319,930	82,018,073	-

**13.2.1** During the year, net deferred tax assets for the carry forward of unused tax losses and minimum tax amounting Rs. 64,616,724 (2017: Rs. 164,369,244) has not been recognized because there are remote chances that taxable profit would be available in foreseeable future against which the unused tax losses and unused tax credits can be utilized.

### 14 TRADE AND OTHER PAYABLES

	Note	2018 Rupees	2017 Rupees	2016 Rupees
Creditors		135,609,345	132,587,090	107,236,084
Liability against staff retirement benefits - gratuity		9,093,765	8,503,870	8,926,599
		144,703,110	141,090,960	116,162,683

### 15 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES

Accrued and other liabilities		95,490,237	81,335,152	90,378,505
Advance from customers		35,187,767	33,217,450	43,576,087
		130,678,004	114,552,602	133,954,592

	Note	2018 Rupees	2017 Rupees (Re-stated)	2016 Rupees (Re-stated)
<b>16 ACCRUED MARK UP / INTEREST</b>				
Long term financing from banking companies		10,047,439	5,045,899	1,646,686
Short term financing from banking companies	17.6	1,170,547	670,599	1,511,388
		11,217,986	5,716,498	3,158,074



	Note	2018 Rupees	2017 Rupees (Re-stated)	2016 Rupees (Re-stated)
<b>17 LOAN FROM BANKING COMPANIES</b>				
<b>Secured</b>				
Running finance	17.1, 17.2	24,967,108	24,991,630	24,999,689
Cash finance	17.1	967,041	23,528,000	1,319,677
Bank overdrafts	17.3	-	312,523	-
Payable to Habib Metropolitan Bank Limited(Final settlement)	17.5	150,000,000	150,000,000	150,000,000
		<u>175,934,149</u>	<u>198,832,153</u>	<u>176,319,365</u>

**17.1** Short term running finances are available from commercial banks under mark up arrangements amounting Rs. 50 million (2017: Rs. 50 million). These are secured against pledge / hypothecation of raw material, cotton and yarn, lien on export bills sent for collection against confirmed LCs, current assets, receivables and personal guarantees of chief executive and sponsoring directors. These carries mark up ranging from 7.64% to 11.00% per annum (2017: 7.54% to 11.00% per annum). The company has forwarded request to the financial institutions for the renewal of credit limits which are under process.

**17.2** As fully explained in note 10.1, the short tem borrowing form banking companies was restructured / rescheduled to long term financing.

**17.3** This represented cheques issued by the company in excess of balance at banks which remained unrepresented as at June 30, 2017.

**17.4** As fully explained in note 10.4, the company had written back short term borrowings amounting Rs. 99,130,938.

**17.5** Refer to note 17.6.

**17.6 Correction of Fundamental Error**

As explained in note 10.4 to the financial statements, the company has retrospectively adjusted long term loans, short term borrowings and markup payable in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and resulting adjustments have been made in the relevant years.

The out of court settlement with the Habib Metropolitan Bank subsequent to the year end is evident that retrospective adjustment upto the extent of Rs.150 million was not required against loans/finances.

Hence, retrospective adjustments have been made in the books of accounts for the excess written back of loan/finance balances as per the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" upto the extent of payable against final settlement. Consequently, accumulated loss as at June 30, 2015 has been increased by Rs. 89.137 million and loss for the year ended June 30, 2016 and June 30, 2017 has been reduced by Rs.179,431 and Rs.152,262 respectively. Accrued markup as at June 30, 2016 and June 30, 2017 has been reduced by Rs.179,431 and Rs.152,262 respectively.

Further, liability against long term loan, short term loan and accrued markup amounting Rs.39,634,874, Rs.2,149,921 and Rs.19,077,639 respectively has been transferred to Payable Habib Metropolitan Bank Limited (Final settlement) retrospectively.





	Aggregate % of shareholding	Note	2018 Rupees	2017 Rupees	2016 Rupees
<b>18 LOAN FROM RELATED PARTY</b>					
<b>Unsecured</b>					
From Mr. Noor Elahi-Chief Executive	34.08%	18.1	12,869,000	-	-
<b>18.1</b>	This represents interest free and un-secured loan obtained from Chief Executive of the company to meet the working capital requirements of the company. It was being utilized for the said purpose.				
<b>19 PROVISION FOR TAXATION</b>					
Opening balance			-	10,763,419	10,307,478
Provision for the year		39	4,082,921	4,021,969	455,940
Less: Adjusted against available tax/ tax deducted at source			(1,382,856)	(14,785,388)	-
			2,700,065	-	10,763,419

**20 CONTINGENCIES AND COMMITMENTS****20.1 Contingencies**

**20.1.1** Letter of guarantee issued by bank on behalf of the Company amounting Rs. 22.683 million (2017: Rs. 22.683 million).

**20.1.2** The company has filed a suit C.O.S No. 78/2015 before Honorable Lahore High Court against Habib Metropolitan Bank Limited for recovery of Rs. 1,532.841 million on accounts of matters as fully explained in note no. 10.4. The suit had been pending adjudication before the Honorable Lahore High Court. However, as explained in aforesaid note to the financial statements, the matter has been settled.

**20.1.3** Habib Metropolitan Bank Limited has filed a suit C.O.S No. 11/2016 against the company before Honorable Lahore High Court, wherein the Bank has claimed recovery of Rs. 256.197 million against principal as well as mark up along with costs and cost of funds. The suit had been pending adjudication before the Honorable Lahore High Court. However, as explained in note 10.4 to the financial statements, the matter has been settled.

**20.1.4** The company has filed a suit against the Habib Metropolitan Bank Limited before the Banking Court Lahore challenging the Bank's act of reporting the name of the company in E-CIB of State Bank of Pakistan. A stay order in this case was granted. Vide order dated May 20, 2017, this suit has been disposed off by the learned Banking Court Lahore. As explained in note 10.4 to the financial statements, the matter has been settled.

**20.1.5** Habib Metropolitan Bank Limited has filed a writ petition before Honorable Lahore High Court challenging the Banking Court's Stay Order passed in the Company's favor for reporting name of the Company in E-CIB. This writ petition is presently pending adjudication before the Honorable Lahore High Court. As the suit has been disposed off, thus this writ petition has also become infructuous. As explained in note 10.4 to the financial statements, the matter has been settled.

**20.1.6** Mr. Khurram Shahzad Mughal, ex-employee of the company has filed a suit dated March 5, 2018 against the company before the compensation Commissioner/ wages Authority Lahore for compensation amounting Rs. 510,000 for lost of eye sight. Legal counsel of the company is hopeful that there is no scope of any fiscal loss to the company in this case.

**20.2 Commitments**

**20.2.1** There are no commitments as at year end. (2017: nil).



**21 PROPERTY, PLANT AND EQUIPMENT**

Cost	Owned assets										Total	
	Freehold land	Building on freehold land	Plant and machinery	Electric installation	Fire fighting equipment	Tube well	Office equipment	Furniture and fixture	Vehicles	Weigh bridge		Sub total
Balance as at July 01, 2016	146,650,000	199,550,901	588,224,500	16,141,875	834,897	1,026,623	5,753,490	2,085,607	9,118,112	1,602,508	970,988,513	970,988,513
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	(689,000)	-	(689,000)	(689,000)
Balance as at June 30, 2017	146,650,000	199,550,901	588,224,500	16,141,875	834,897	1,026,623	5,753,490	2,085,607	8,429,112	1,602,508	970,299,513	970,299,513
Balance as at July 01, 2017	146,650,000	199,550,901	588,224,500	16,141,875	834,897	1,026,623	5,753,490	2,085,607	8,429,112	1,602,508	970,299,513	970,299,513
Additions during the year	-	-	4,890,684	-	-	-	-	-	-	-	4,890,684	4,890,684
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2018	146,650,000	199,550,901	593,115,184	16,141,875	834,897	1,026,623	5,753,490	2,085,607	8,429,112	1,602,508	975,190,197	975,190,197
<b>Depreciation</b>												
Balance as at July 01, 2016	-	-	-	13,882,869	643,401	772,997	3,559,862	856,409	7,399,319	1,410,372	28,525,228	28,525,228
Charge for the year	-	9,977,545	29,411,225	225,901	19,150	25,363	219,363	122,920	323,492	19,214	40,344,172	40,344,172
Depreciation on disposal	-	-	-	-	-	-	-	-	(587,661)	-	(587,661)	(587,661)
Balance as at June 30, 2017	-	9,977,545	29,411,225	14,108,770	662,551	798,360	3,779,225	979,329	7,135,150	1,429,586	68,281,739	68,281,739
Balance as at July 01, 2017	-	9,977,545	29,411,225	14,108,770	662,551	798,360	3,779,225	979,329	7,135,150	1,429,586	68,281,739	68,281,739
Charge for the year	-	9,478,668	28,144,444	203,311	17,235	22,826	197,427	110,628	258,792	17,292	38,450,623	38,450,623
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2018	-	19,456,213	57,555,669	14,312,081	679,786	821,186	3,976,652	1,089,957	7,393,942	1,446,878	106,732,362	106,732,362
Written down value as at June 30, 2017	146,650,000	189,573,356	558,813,275	2,033,105	172,346	228,263	1,974,265	1,106,278	1,293,962	172,922	902,017,774	902,017,774
Written down value as at June 30, 2018	146,650,000	180,094,688	535,559,515	1,829,794	155,111	205,437	1,776,838	995,650	1,035,170	155,630	868,457,835	868,457,835
Rate of depreciation	5%	5%	5%	10%	10%	10%	10%	10%	20%	10%	10%	10%

**21.1** The company has free hold land of 9 acres area situated at 3 KM Raiwind Manga Road, Kasur. The building on free hold land having covered area of approximate 300528 Sq. ft. situated at 3 KM Raiwind Manga Road, Kasur.



21.2 Depreciation has been allocated as follows.	Note	2018 Rupees	2017 Rupees	2016 Rupees
Cost of sales	33.1	37,883,776	39,678,397	45,146,992
Administrative expenses	35	566,847	665,775	810,012
		<u>38,450,623</u>	<u>40,344,172</u>	<u>45,957,004</u>

**21.2.1 Revaluation of property, plant and equipment**

Had there been no revaluation the original cost and accumulated depreciation of revalued assets would have been as follows as on June 30, 2018.

Particulars	Cost	Accumulated depreciation	Net book value
	<-----Rupees----->		
Freehold land	14,266,500	-	14,266,500
Factory building	190,249,857	86,782,579	103,467,278
Plant and machinery	717,244,618	362,519,069	354,725,549
<b>Total (2018)</b>	<b>921,760,975</b>	<b>449,301,648</b>	<b>472,459,327</b>
<b>Total (2017)</b>	<b>921,760,975</b>	<b>425,186,236</b>	<b>496,574,739</b>

As explained in note no. 6, freehold land, building, plant and machinery were revalued as at June 30, 2016 (previously these were revalued on June 30, 2013, 2008 and September 30, 2004) by independent valuers "M/S. Harvester services (Pvt.) Limited, Valuers and Engineers, Lahore".

	Note	2018 Rupees	2017 Rupees	2016 Rupees
<b>22 LONG TERM DEPOSITS AND PREPAYMENTS</b>				
Deposit against bank guarantees		5,034,000	5,034,000	5,034,000
Security deposits		701,445	2,918,894	1,956,105
		<u>5,735,445</u>	<u>7,952,894</u>	<u>6,990,105</u>
<b>23 STORES, SPARE PARTS AND LOOSE TOOLS</b>				
Stores		69,056,806	71,830,800	72,931,630
Spare parts		56,501,023	58,770,654	59,671,334
Loose tools		1,250	1,250	1,250
		125,559,079	130,602,704	132,604,214
Less: Provision for obsolete stock		(10,000,000)	-	-
		<u>115,559,079</u>	<u>130,602,704</u>	<u>132,604,214</u>
<b>24 STOCK IN TRADE</b>				
Raw material		324,449,453	376,094,648	354,518,133
Work in process		3,310,418	3,634,035	2,703,264
Finished goods and waste		5,582,845	5,009,375	6,033,884
		<u>333,342,716</u>	<u>384,738,058</u>	<u>363,255,281</u>
<b>24.1</b>	The carrying value of pledged stock is Rs. 1,488,000 (2017: Rs. 32,679,122).			
<b>24.2</b>	Finished goods amounting Rs. 771,777 (2017: Rs. nil) stated at their net realizable value Rs. 700,100 (2017 : Rs. nil). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 71,677 (2017: Rs. nil). Finished goods stock includes waste stock amounting Rs. 2,013,184 (2017: Rs. 1,005,486) carried at net realizable value.			
<b>25 TRADE DEBTS</b>				
<b>Unsecured but considered good</b>				
Local yarn debtors		13,163,591	12,779,277	10,705,766
Local waste debtors		1,496,352	258,381	9,109,325
		<u>14,659,943</u>	<u>13,037,658</u>	<u>19,815,092</u>
<b>26 LOAN AND ADVANCES</b>				
<b>Unsecured but considered good</b>				
Advances to:				
Suppliers		16,335,393	18,436,285	14,436,565
Purchaser		536,477	1,062,433	228,502
Employees against salaries and wages		758,294	997,452	976,432
		<u>17,630,164</u>	<u>20,496,170</u>	<u>15,641,499</u>



			2018 Rupees	2017 Rupees	2016 Rupees	
<b>27</b>	<b>TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCES WITH STATUTORY AUTHORITIES</b>					
	Advance income tax		10,330,992	14,874,173	27,628,974	
	Prepaid expenses		-	4,925	-	
			<u>10,330,992</u>	<u>14,879,098</u>	<u>27,628,974</u>	
<b>28</b>	<b>RECEIVABLES FROM ASSOCIATED COMPANIES (Considered good)</b>					
	<b>Name of Associated Company</b>	<b>Basis of Relationship</b>	<b>Maximum aggregate amount Rupees</b>	<b>2018 Rupees</b>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
	Yaser Food Industries Limited	Common directorship	933,926	-	933,926	933,926
	Sunrise Bottling Co. (Pvt) Limited	Common directorship	138,136	-	138,136	248,636
				<u>-</u>	<u>1,072,062</u>	<u>1,182,562</u>
<b>29</b>	<b>OTHER RECEIVABLES</b>					
	<b>Considered doubtful</b>					
	Karachi Metropolitan Corporation		1,396,700	1,396,700	1,396,700	
	Provision for doubtful receivables		(1,396,700)	(1,396,700)	(1,396,700)	
			<u>-</u>	<u>-</u>	<u>-</u>	
<b>30</b>	<b>TAX REFUNDS DUE FROM GOVERNMENT</b>					
	Sales tax receivable		<u>1,788,171</u>	<u>1,007,647</u>	<u>-</u>	
<b>31</b>	<b>CASH AND BANK BALANCES</b>					
	Cash in hand		690,141	411,793	307,369	
	Cash with banks in:					
	Local currency current accounts		649,764	1,342,643	1,333,002	
			<u>1,339,905</u>	<u>1,754,436</u>	<u>1,640,371</u>	
<b>32</b>	<b>SALES- NET</b>					
	<b>Yarn</b>					
	Local sales		320,585,663	392,102,967	252,035,172	
	Export sales		-	-	41,308,566	
	Less: sales tax		(284,990)	-	(7,334,611)	
			<u>320,300,673</u>	<u>392,102,967</u>	<u>286,009,127</u>	
	Waste and others		4,708,945	8,253,093	7,092,108	
	Less: sales tax		(147)	-	(213,530)	
			<u>4,708,798</u>	<u>8,253,093</u>	<u>6,878,578</u>	
			<u>325,009,471</u>	<u>400,356,060</u>	<u>292,887,705</u>	
<b>33</b>	<b>COST OF SALES</b>					
	Cost of goods manufactured	33.1	415,521,140	510,536,887	399,866,576	
	Finished goods and waste					
	Opening stock		5,009,375	6,033,884	24,432,410	
	Closing stock		(5,582,845)	(5,009,375)	(6,033,884)	
			<u>(573,470)</u>	<u>1,024,509</u>	<u>18,398,526</u>	
			<u>414,947,670</u>	<u>511,561,396</u>	<u>418,265,102</u>	



	Note	2018 Rupees	2017 Rupees	2016 Rupees
<b>33.1 Cost of goods manufactured</b>				
Raw material consumed	33.1.1	238,344,307	311,590,994	220,068,690
Stores, spare parts and loose tools consumed		8,980,644	12,991,278	8,369,526
Packing materials consumed		4,052,440	5,415,530	5,072,688
Salaries, wages and other benefits	33.1.2	62,161,750	64,757,481	47,134,824
Fuel and power		56,179,816	70,342,623	57,259,761
Vehicle running and maintenance		433,519	512,789	235,435
Repair and maintenance		3,514,211	1,678,004	2,391,205
Telephone, postage and telegrams		89,766	92,264	150,553
Traveling and conveyance		408,690	393,630	394,214
Printing and stationery		27,040	50,730	83,277
Entertainment		338,897	259,570	282,685
Insurance		703,482	2,575,230	2,370,503
Depreciation	21.2	37,883,776	39,678,397	45,146,992
Miscellaneous		2,079,185	1,129,138	1,069,149
		<u>415,197,523</u>	<u>511,467,658</u>	<u>390,029,503</u>
Work in process				
Opening stock		3,634,035	2,703,264	12,540,338
Closing stock		(3,310,418)	(3,634,035)	(2,703,264)
		<u>323,617</u>	<u>(930,771)</u>	<u>9,837,074</u>
		<u>415,521,140</u>	<u>510,536,887</u>	<u>399,866,577</u>
<b>33.1.1 Raw material consumed</b>				
Opening stock		376,094,648	354,518,133	369,136,403
Purchases		184,909,693	330,010,969	201,350,513
Purchase expenses		1,789,419	3,156,540	4,099,907
		<u>186,699,112</u>	<u>333,167,509</u>	<u>205,450,420</u>
		<u>562,793,760</u>	<u>687,685,642</u>	<u>574,586,823</u>
Closing stock		(324,449,453)	(376,094,648)	(354,518,133)
		<u>238,344,307</u>	<u>311,590,994</u>	<u>220,068,690</u>

**33.1.2** This includes Rs. 448,707 (2017: Rs. 762,193) on account of staff retirement benefits - gratuity.

	Note	2018 Rupees	2017 Rupees	2016 Rupees
<b>34 DISTRIBUTION COST</b>				
Commission on:				
Export sales		-	-	787,911
Local sales		139,605	43,817	111,776
		<u>139,605</u>	<u>43,817</u>	<u>899,687</u>
Freight and carriage on:				
Export sales		-	-	1,750
Local sales		9,500	2,500	388,000
		<u>9,500</u>	<u>2,500</u>	<u>389,750</u>
Other expenses on export sales		-	-	1,507,916
		<u>149,105</u>	<u>46,317</u>	<u>2,797,353</u>



	Note	2018 Ruppes	2017 Ruppes	2016 Ruppes
<b>35 ADMINISTRATIVE EXPENSES</b>				
Directors' remuneration		2,400,000	800,000	-
Salaries, allowances and other benefits	35.1	9,763,710	9,228,369	12,368,823
Fees and subscription		984,183	624,359	647,098
Traveling and conveyance		222,512	142,014	131,250
Vehicle running		232,336	252,951	651,097
Telephone, postage and telegram		602,681	579,589	631,816
Printing and stationery		265,540	251,883	297,547
Repair and maintenance		260,418	83,074	89,274
Electricity, gas and water		-	163,668	57,344
Insurance		-	458,814	459,375
Rent, rates and taxes		174,405	235,717	255,866
Entertainment		50,519	151,250	55,369
Legal and professional charges		1,288,860	1,366,391	314,500
Auditors' remuneration	35.2	796,000	796,000	796,000
Depreciation	21.2	566,847	665,775	810,012
Advertisement		97,430	97,930	59,730
Others		659,980	1,037,352	1,335,064
		<u>18,365,421</u>	<u>16,935,136</u>	<u>18,960,165</u>

**35.1** This includes Rs. 919,019 (2017: Rs. 853,490) on account of staff retirement benefits - gratuity.

**35.2 Auditors' remuneration**

The audit fee and remuneration for other services included in the financial statements is as follows:

	Note	2018 Rupees	2017 Rupees	2016 Rupees
<b>Ibrahim, Shaikh &amp; Co. Chartered Accountants</b>				
Statutory audit fee		625,000	625,000	-
Half yearly review and other certifications		121,000	121,000	-
Review of code of corporate governance		50,000	50,000	-
		<u>796,000</u>	<u>796,000</u>	<u>-</u>
<b>Mushtaq &amp; Co. Chartered Accountants</b>				
Statutory audit fee		-	-	625,000
Half yearly review and other certifications		-	-	121,000
Review of code of corporate governance		-	-	50,000
		<u>-</u>	<u>-</u>	<u>796,000</u>

**36 OTHER OPERATING EXPENSES**

Provision for obsolete stock		<u>10,000,000</u>	<u>-</u>	<u>-</u>
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**37 OTHER INCOME**

**Income from non financial assets**

Weigh bridge income		1,608,000	1,013,000	810,000
Scrap sales		16,170	127,799	38,755
Gain on disposal of fixed assets		-	598,661	-
Balances written back- net	<b>37.1</b>	155,288,893	-	-
Other income		-	-	2,275
		<u>156,913,063</u>	<u>1,739,460</u>	<u>851,030</u>
		<u>156,913,063</u>	<u>1,739,460</u>	<u>851,030</u>

**37.1** This includes written back of loan amounting Rs. 150 million obtained from Mr. Noor Elahi- Chief Executive of the company.



	Note	2018 Rupees	2017 Rupees (Re-stated)	2016 Rupees (Re-stated)
<b>38 FINANCE COST</b>				
Interest / mark up on:				
Long term financing		4,406,342	4,087,571	2,606,694
Short term borrowings		2,645,400	2,589,052	4,370,569
Bank charges and commission		432,747	348,136	490,443
Guarantee commission fee		372,271	437,231	44,240
Exchange loss on foreign currency loan		36,003,146	810,582	3,275,003
		<u>43,859,906</u>	<u>8,272,572</u>	<u>10,786,949</u>
<b>39 TAXATION</b>				
<b>Current</b>				
Current year		4,082,921	4,021,969	455,940
Prior year		466,204	-	-
		<u>4,549,125</u>	<u>4,021,969</u>	<u>455,940</u>
<b>Deferred</b>				
Current year	<b>13.2</b>	(4,231,477)	(435,169)	18,160,030
		<u>317,648</u>	<u>3,586,800</u>	<u>18,615,970</u>

**39.1** Income tax assessments of the company have been finalized up to the Tax Year 2017 on the basis of income tax return filed as the company did not receive any corresponding from the Income Tax Department.

**39.2 Assessment of sufficiency of tax provision:**

Sufficient tax provision for the current year has been provided in these financial statements.

	2017 Rupees	2016 Rupees	2015 Rupees
Tax provision as per financial statements	4,021,969	455,940	-
Tax assessment	4,003,561	413,086	-
Difference	<u>18,408</u>	<u>42,854</u>	<u>-</u>

**39.3** No numeric tax rate reconciliation is presented in these financial statements as the company is either liable to pay tax under final tax regime or minimum tax u/s 113 of Income Tax Ordinance 2001.

		2018	2017 (Re-stated)	2016 (Re-stated)
<b>40 EARNINGS PER SHARE- BASIC AND DILUTED</b>				
<b>40.1 Earnings per share - Basic</b>				
Loss for the year	Rupees	(5,717,216)	(138,458,963)	(175,866,236)
Weighted average number of ordinary shares outstanding during the year	Numbers	<u>52,214,400</u>	<u>52,214,400</u>	<u>52,214,400</u>
Earnings per share	Rupees	<u>(0.11)</u>	<u>(2.65)</u>	<u>(3.37)</u>

**40.2** There is no dilutive effect on the basic earnings per share.

**41 TRANSACTIONS WITH RELATED PARTIES**

Transactions with related parties have been disclosed in the relevant notes to the financial statements except the following:

Transactions with related parties	2018 Rupees	2017 Rupees
Loan received from Mr. Noor Elahi, Chief Executive of the company	14,600,000	72,000
Loan received from Mrs. Parveen Elahi, Director of the company	10,000	33,191,048
Loan repaid to Mr. Noor Elahi, Chief Executive of the company	1,731,000	25,883
Loan repaid to Mrs. Parveen Elahi, Director of the company	90,000	-
Loan written back- Mr. Noor Elahi, Chief Executive of the company	150,000,000	-
Loan received from Aroma Drinks (Pvt) Limited, Associated company	577,500	309,884
Loan received from Pure Drinks (Pvt) Limited, Associated company	-	600,000
Loan received from Sunrise Bottling Co. (Pvt) Limited, Associated company	800,000	110,500
Loan repaid to Sunrise Bottling Co. (Pvt) Limited, Associated company	301,136	-
Loan received from Yasir Food Industries (Pvt) Limited, Associated company	933,926	-



## 42 FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets and financial liabilities

#### Financial assets

##### Loans and receivables

	2018 Rupees	2017 Rupees (Re-stated)	2016 Rupees (Re-stated)
Long term deposits	5,735,445	7,952,894	6,990,105
Trade debts	14,659,943	13,037,658	19,815,092
Receivables from associated companies	-	1,072,062	1,182,562
Tax refund due from Government	1,788,171	1,007,647	-
Cash and bank balances	1,339,905	1,754,436	1,640,371
	<u>23,523,464</u>	<u>24,824,697</u>	<u>29,628,129</u>

#### Financial liabilities

##### Financial liabilities at amortized cost

Long term financing from banking companies	-	2,500,002	5,833,335
Long term financing from others	79,420,000	83,015,625	97,174,687
Long term financing from associates	52,651,676	51,575,312	50,665,428
Trade and other payables	144,703,110	141,090,960	116,162,683
Deposits, accrued liabilities and advances	95,490,237	81,335,152	90,378,505
Accrued interest and markup	11,217,986	5,716,498	3,158,074
Unclaimed dividend	402,570	402,570	402,570
Loan from banking companies	175,934,149	198,832,153	176,319,365
Loan from related party	12,869,000	-	-
Current portion of non current liabilities			
Long term financing from banking companies	4,166,665	4,166,665	4,246,140
Long term financing from others	175,933,921	137,479,125	70,340,079
Provision for taxation	2,700,065	-	10,763,419
	<u>755,489,379</u>	<u>706,114,062</u>	<u>625,444,285</u>

## 43 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest rate risk). Financial risk management is carried out under risk policies established and approved by the Board of Directors. The management administers all aspects of risk management involving currency and interest rate risk, and cash management, in accordance with the risk policy.

The company's exposure to financial risks, the way these risks affect revenues, expenses, assets, liabilities and forecast transactions of the company and the manner in which each of these risks are managed is as follows:

### 43.1 Credit risk

#### 43.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade debts, advances and deposits, interest accrued, other receivables and margin on letter of guarantee. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2018 Rupees	2017 Rupees	2016 Rupees
Long term deposits	5,735,445	7,952,894	6,990,105
Trade debts	14,659,943	13,037,658	19,815,092
Receivables from associated companies	-	1,072,062	1,182,562
Bank balances	649,764	1,342,643	1,333,002
	<u>21,045,152</u>	<u>23,405,257</u>	<u>29,320,760</u>

#### 43.1.2 Geographically there is no concentration of credit risk.

#### 43.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

	2018 Rupees	2017 Rupees	2016 Rupees
Yarn	13,163,591	12,779,277	10,705,766
Waste	1,496,352	258,381	9,109,325
	<u>14,659,943</u>	<u>13,037,658</u>	<u>19,815,092</u>

#### 43.1.4 The aging of trade debtors at the balance sheet is as follows:

	Gross debtors		
	2018 Rupees	2017 Rupees	2016 Rupees
Upto 1 month	2,709,160	10,605,006	15,852,074
1 to 6 months	9,341,873	452,659	2,774,113
More than 6 months	2,608,910	1,979,993	1,188,905
	<u>14,659,943</u>	<u>13,037,658</u>	<u>19,815,092</u>

Based on the past experience, sales volume, consideration of financial position, past track records and recoveries and economic conditions, the company believes that there is no need for provision of balance outstanding more than six months.


**43.1.5 Cash at banks**

Bank Name	Rating		Rating Agency	2018 Rupees	2017 Rupees	2016 Rupees
	Short Term	Long Term				
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	204,082	214,357	210,518
Bank Alfalah Limited	A1+	AA+	PACRA	75,065	-	341,572
Meezan Bank Limited	A-1+	AA	JCR-VIS	24,989	76,211	72,818
Habib Bank Limited	A-1+	AAA	JCR-VIS	82,949	11,978	114,627
MCB Bank Limited	A1+	AAA	PACRA	14,576	-	5,530
National Bank of Pakistan	A1+	AAA	PACRA	81,438	30,197	81,457
United Bank Limited	A-1+	AAA	JCR-VIS	11,836	10,783	871
Standard Chartered Bank Limited	A1+	AAA	PACRA	-	-	5,546
The Bank Of Punjab	A1+	AA	PACRA	8,354	9,024	192,154
Samba Bank Limited	A-1	AA	JCR-VIS	-	4,198	4,070
Soneri Bank Limited	A1+	AA-	PACRA	33,312	33,312	19,107
Faysal Bank Limited	A1+	AA	PACRA	20,661	10,372	208,080
Silk Bank Limited	A-2	A-	JCR-VIS	74,952	78,464	43,967
Nib Bank Limited	A1+	AA-	PACRA	-	14,576	14,576
Bank Al-Habib Limited	A1+	AA+	PACRA	-	-	-
Al Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	17,550	849,172	18,108
				649,764	1,342,643	1,333,002

**Credit Risk Management**

In respect of trade receivables, the company does not have significant concentration of credit risk with a single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables balances and individually significant balances, along with collection activities are reported to the Board of Directors on a monthly basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis of confirmed letters of credit. These actions are also reported to the Board on a monthly basis.

**43.2 Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements;

2018				
Carrying amount	Contractual cash flows	Maturity within one year	Two to five years	More than five years
<b>Rupees</b>				

**Non - derivative Financial liabilities**

Long term financings from banking companies	4,166,665	4,166,665	4,166,665	-	-
Long term financings from associates	52,651,676	52,651,676	-	-	52,651,676
Long term financings from others	255,353,921	255,353,921	69,540,000	131,480,000	54,333,921
Trade and other payables	144,703,110	144,703,110	144,703,110	-	-
Deposits, accrued liabilities and advances	95,490,237	95,490,237	95,490,237	-	-
Accrued mark up / interest	11,217,986	11,217,986	11,217,986	-	-
Unclaimed dividend	402,570	402,570	402,570	-	-
Loan from banking companies	175,934,149	175,934,149	175,934,149	-	-
Loan from related party	12,869,000	12,869,000	12,869,000	-	-
Provision for taxation	2,700,065	2,700,065	2,700,065	-	-
	755,489,379	755,489,379	517,023,782	131,480,000	106,985,597



2017-Restated				
Carrying amount	Contractual cash flows	Maturity within one year	Two to five years	More than five years
Rupees				

**Non - derivative Financial liabilities**

Long term financings from banking companies	6,666,667	6,666,667	4,166,665	2,500,002	-
Long term financings from associates	51,575,312	51,575,312	-	-	51,575,312
Long term financings from others	220,494,750	220,494,750	35,765,625	137,812,500	46,916,625
Trade and other payables	141,090,960	141,090,960	141,090,960	-	-
Deposits, accrued liabilities and advances	81,335,152	81,335,152	81,335,152	-	-
Accrued mark up / interest	5,716,498	5,716,498	5,716,498	-	-
Unclaimed dividend	402,570	402,570	402,570	-	-
Loan from banking companies	198,832,153	198,832,153	198,832,153	-	-
	<u>706,114,062</u>	<u>706,114,062</u>	<u>467,309,623</u>	<u>140,312,502</u>	<u>98,491,937</u>

**43.2.1** The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

**43.2.2 Liquidity Risk Management**

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the company ensures that it has sufficient cash on demand to meet expected operational cash flows, including serving of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. Further, the company has the support of its sponsors in respect of any liquidity shortfalls.

**43.3 Market risk**

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

**43.3.1 Currency risk**

**Exposure to currency risk**

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro.

	US Dollar	Euro	Others	Rupees
<b>Financial liabilities</b>				
Foreign currency loan 2018	2,099,950	-	-	255,353,921
Foreign currency loan 2017	2,099,950	-	-	220,494,750

The following significant exchange rates applied during the year.

Financial assets	Reporting date rates	
	2018	2017
US Dollar to Rupee	121.4	104.8
Financial liabilities	Reporting date rates	
	2018	2017
US Dollar to Rupee	121.6	105

**Sensitivity analysis**

10% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 10% weakening of Pak Rupee against the above currencies at period end would have had the equal but opposite effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.



	2018 Rupees	2017 Rupees
US Dollar	<u>25,535,392</u>	<u>22,049,475</u>
Euro	<u>-</u>	<u>-</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the company.

**43.3.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows:

	2018 Rupees	2017 Rupees (Re-stated)
<b>Fixed rate instruments</b>		
Financial assets	<u>-</u>	<u>-</u>
Financial liabilities	<u>255,353,921</u>	<u>220,494,750</u>
<b>Variable rate instruments</b>		
Financial assets	<u>-</u>	<u>-</u>
Financial liabilities	<u>180,100,814</u>	<u>205,186,297</u>

**Fair value sensitivity analysis for fixed rate instruments**

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

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

The company is exposed to interest rate risk in respect of its variable rate instruments. A 100 basis points increase in variable interest rates would have decreased profit by Rs. 1,801,008 (2017: decreased profit by Rs. 2,051,863). A 100 basis points decrease in variable interest rate would have had an equal but opposite impact on profit. This sensitivity analysis is based on assumption that all variables, with the exception of interest rates, remain unchanged.

The effective interest / mark-up rates in respect of financial instruments are mentioned in respective notes to the financial statements.

**43.3.3 Price Risk**

The company is not exposed to any price risk as it does not hold any significant investments exposed to price risk.

**43.4 Fair value of financial instruments**

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

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically repriced.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Currently there are no financial assets or financial liabilities which are measured at their fair value.

**43.5** Certain categories of property, plant and equipment (freehold land, buildings on freehold land and plant and machinery) are carried at revalued amounts (level 2 measurement) determined by a professional valuer based on their assessment of the market values as disclosed in note 22.2.1 to these financial statements.



43.6 Off balance sheet items	2018	2017	2016
	.....Rs. (millions).....		
Bank guarantees	22,683	22,683	22,683

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

**44 CAPITAL RISK MANAGEMENT**

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term and short term financing from financial institutions and others. Total capital employed includes total equity as shown in the statement of financial position plus borrowings.

		2018	2017 (Re-stated)
Borrowings	Rupees	500,975,411	477,568,882
Total equity	Rupees	497,174,594	650,035,853
Total capital employed	Rupees	998,150,005	1,127,604,735
Gearing ratio	Percentage	50.19%	42.35%

**45 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The directors have waived their remuneration and meeting fees for the previous year. The chief executive is entitled to free use of company maintained car. Following is the detail of managerial remuneration paid to directors and executive with their numbers:

	2018	2017	2016	2018	2017*	2016*
	-----Directors-----			-----Executives-----		
Remuneration and other benefits	2,400,000	800,000	-	4,524,353	3,280,188	3,280,188
Number of persons	1	1		3	2	2

\* Comparatives have been amended to reflect changes in the definition of executive as per the Companies Act, 2017.(Gross salary increased from Rs. 0.5 million to Rs. 1.2 million).

45.1 The Chief Executive and Directors are also provided with free use of company maintained cars.

45.2 No remuneration is paid to any other director.

**46 CORRESPONDING FIGURES**

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation. Following major reclassification has been made:

Reclassification from statement of financial position	Reclassification to statement of financial position	2017 Rupees	2016 Rupees
Trade and other payables	Deposits, accrued liabilities and advances	114,552,602	133,954,592
Short term borrowing	Loan from banking companies	198,832,153	176,319,365
Trade and other payables	Unclaimed dividend	402,570	402,570

**47 NUMBER OF EMPLOYEES**

	2018	2017
Employees as at year end- numbers		
Factory employees	205	195
Other employees	12	11
	217	206
Average employee during the year- numbers		
Factory employees	188	173
Other employees	12	11
	200	184

**48 CAPACITY AND PRODUCTION**

Spindles installed (numbers)	33,072	33,072
Spindles worked (numbers)	12,480	12,480
Installed capacity converted in to 20/s (Kgs.)	10,266,624	10,266,624
Actual production of yarn converted in to 20/s (Kgs.)	2,434,316	3,324,241
Number of shifts worked per day	2	2

**48.1** It is difficult to determine precisely described production capacity and the resultant production converted into single count in the textile industry, since it fluctuates widely depending on various factors such as type of yarn produced and raw material used etc. It would also vary according to the trend of production adopted in a particular period. There was shortage of gas supply during winter season which resulted in reduced production during the year 2018. Both of the units were not consecutively operational for the whole year as explained in note 1.1.

**49 DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were authorized for issue on 05 October, 2018 by the board of directors of the company.

**50 GENERAL**

Figures have been rounded off to the nearest of Rupee.

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



**KEY OPERATION AND FINANCIAL DATA  
FOR THE LAST SIX YEARS**  
Rs. ( '000's)

<b>PARTICULARS</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>BALANCE SHEET SUMMARY</b>						
Paid up Capital	522,144	522,144	522,144	522,144	522,144	522,144
Reserves & Accumulated Losses	(651,778)	(655,969)	(535,259)	(284,476)	(111,782)	9,140
Share Application money			-	-	-	99,363
Surplus on Revaluation of Fixed Assets	316,787	323,759	415,693	463,318	465,914	478,759
Long Term Liabilities	442,093	597,192	580,610	567,000	421,587	88,037
Deferred Liabilities	80,993	88,191	6,206	14,085	53,669	130,265
Current Liabilities	658,605	602,241	515,347	371,510	384,952	470,547
	<b>1,368,844</b>	<b>1,477,558</b>	<b>1,504,742</b>	<b>1,653,581</b>	<b>1,736,484</b>	<b>1,798,255</b>
<b>REPRESENTED BY</b>						
Fixed Assets	868,458	902,018	942,463	1,037,951	1,086,328	1,124,937
Long Term Deposit	5,735	7,953	6,990	5,710	5,464	4,180
Current Assets	494,651	567,587	561,768	609,920	644,692	669,138
	<b>1,368,844</b>	<b>1,477,558</b>	<b>1,511,221</b>	<b>1,653,581</b>	<b>1,736,484</b>	<b>1,798,255</b>
<b>PROFIT AND LOSS - SUMMARY</b>						
Sales	325,010	400,356	292,888	508,026	927,881	1,113,206
Cost of Sales	(414,948)	(511,561)	(418,265)	(673,626)	(1,073,673)	(1,178,708)
<b>Gross Profit</b>	<b>(89,938)</b>	<b>(111,205)</b>	<b>(125,377)</b>	<b>(165,600)</b>	<b>(145,792)</b>	<b>(65,502)</b>
Other Operating Expenses	(28,514)	(16,981)	(21,758)	(30,327)	(45,450)	(51,365)
Financial Charges	(43,860)	(8,273)	(10,787)	(15,799)	(24,187)	(43,791)
Other Income	156,913	1,739	851	872	1,503	455,596
<b>Profit / ( Loss ) Before Taxation</b>	<b>(5,399)</b>	<b>(134,720)</b>	<b>(157,071)</b>	<b>(210,853)</b>	<b>(213,926)</b>	<b>294,938</b>
Provision for Taxation	(318)	(3,587)	(18,616)	21,025	71,265	(41,176)
<b>Profit / ( Loss ) After Taxation</b>	<b>(5,717)</b>	<b>(138,307)</b>	<b>(175,687)</b>	<b>(189,828)</b>	<b>(142,661)</b>	<b>253,762</b>
<b>Earning Per Share</b>	<b>(0.11)</b>	<b>(2.65)</b>	<b>(3.37)</b>	<b>(3.64)</b>	<b>(2.73)</b>	<b>4.86</b>
<b>Dividend</b>	-	-	-	-	-	-



**FORM OF PROXY**

The Company Secretary,  
**RUBY TEXTILE MILLS LIMITED,**  
203-Faiyaz Centre, 2<sup>nd</sup> Floor,  
3-A, S.M.C. Housing Society  
Shahrah-e-Faisal,  
Karachi-74400.

PLEASE QUOTE:

Folio No.	No. of Shares held

I/We of \_\_\_\_\_

being a member of Ruby Textile Mills Limited hereby appoint \_\_\_\_\_

of \_\_\_\_\_

\_\_\_\_\_

who is also member if Company vide Registered Folio No.....as my / our proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at 203-Faiyaz Centre, 2<sup>nd</sup> Floor, 3-A, S.M.C. Housing Society, Shahrah-e-Faisal, Karachi-74400 on Saturday October 27th, 2018 at 4300 p.m.

In witness whereof I have set my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

Date: \_\_\_\_\_

Place: \_\_\_\_\_



\_\_\_\_\_  
Member's Signature:

Notes:

1. This proxy form must be deposited duly completed in the Company's Registered Office at least 48 hours before the meeting.
2. A proxy must be member of the Company.
3. Member's Signature should agree with the specimen registered with the Company.



### پراکسی فارم (مختار نامہ)

کمپنی سیکٹری

روبی ٹیکسٹائل ملز لمیٹڈ

203- فیاض سنٹر، دوسری منزل،

3-A، S.M.C. ہاؤسنگ سوسائٹی شاہراہ فیصل کراچی۔ 74400

براہ مہربانی تحریر کریں:

فولیو نمبر:

ملکیتی حصص کی تعداد:

میں اہم \_\_\_\_\_

ساکن \_\_\_\_\_

بشمیت رکن روبی ٹیکسٹائل ملز لمیٹڈ \_\_\_\_\_

بذریعہ بذمہ / محترمہ \_\_\_\_\_

ساکن \_\_\_\_\_

جو بروئے رجسٹرڈ فولیو نمبر کمپنی کا ممبر بھی ہے کو اپنے / ہمارے ایما پر 203- فیاض سنٹر، دوسری منزل، 3-A، S.M.C. ہاؤسنگ سوسائٹی شاہراہ فیصل کراچی۔ 74400 بروز ہفتہ 27 اکتوبر 2018 کو سہ پہر 4:30 بجے منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

2018ء کو میرے / ہمارے دستخط اور گواہوں کی تصدیق سے جاری ہوا۔

آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_

5/- روپے کارسیدی ٹکٹ



تاریخ: \_\_\_\_\_

مقام: \_\_\_\_\_

دستخط رکن

### نوٹ:

1- یہ پراکسی فارم باقاعدہ مکمل شدہ کمپنی کے رجسٹرڈ دفتر میں اجلاس سے کم از کم 48 (اٹھتالیس) گھنٹے قبل لازماً جمع کرایا جانا چاہئے۔

2- پراکسی لازماً کمپنی کارکن ہونا چاہئے۔

3- رکن کے دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخط سے لازماً مطابقت رکھتے ہوں۔