



**SHAHZAD
TEXTILE**

FORM-5

Date: 05-10-2019

THE GENERAL MANAGER
Pakistan Stock Exchange Limited,
Stock Exchange Building
Stock Exchange Road,
Karachi.

Subject: Transmission of Annual Report for the Year Ended June 30, 2019

Dear Sir,

We have to inform you that the Annual Report of the Company for the year ended June 30, 2019 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,
for **SHAHZAD TEXTILE MILLS LIMITED**


COMPANY SECRETARY

Shahzad Textile Mills Ltd.

T: +92 42 35754024, 35754027, 35791228 • F: +92 42 35712313

E: info@shahzadtex.com • A: 19-A, Off Zafar Ali Road, Gulberg V, Lahore, Pakistan.

www.shahzadtex.com

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FOR THE YEAR ENDED JUNE 30, 2019**

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COMPANY INFORMATION

Board of Directors

Mian Parvez Aslam
Mr. Imran Aslam
Mr. Irfan Aslam
Mr. Danish Aslam
Syed Raza Ali Bokhari
Dr. Ali Raza Khan
Mrs. Nazish Imran

Chairman
Chief Executive Officer

Bankers

Habib Metropolitan Bank Ltd
JS Bank Limited
Meezan Bank Limited

Share Registrar

Hameed Majeed Associates (Pvt) Ltd
H.M. House, 7-Bank Square Lahore.

Chief Financial Officer

Mr. Humayun Bakht

Company Secretary

Mr. Hassan-ud-Din Ansari

Registered Office

19-A, Off. Zafar Ali Road,
Gulberg-V, Lahore.
Ph: +92 (042) 35754024-27
Fax: +92 (042) 35712313
E-mail: info@shahzadtex.com
Web: www.shahzadtex.com

Auditors

Horwath Hussain Chaudhry & Co.
Chartered Accountants

Mills

Unit # 1, 4 & Socks Unit
34th KM Lahore Sheikhpura
Raod, Sheikhpura.

Audit Committee

Syed Raza Ali Bokhari
Mian Parvez Aslam
Mr. Irfan Aslam

Chairman
Member
Member

Unit # 2

7th KM Sheikhpura Faisalabad
Road, Sheikhpura.

Human Resources & Remuneration Committee

Dr. Ali Raza Khan
Mr. Danish Aslam
Mrs. Nazish Imran

Chairman
Member
Member

VISION STATEMENT

We aim at seeing our mills to be a model manufacturing unit producing high quality yarn by complying with the requirements of Quality management System and continuously improving its effectiveness for total customers' satisfaction. We wish to play a leading role in the spinning sector by keeping a substantial presence in the export and local markets.

MISSION STATEMENT

1. To install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive quality environment.
2. To make strenuous efforts to enhance profitability of the mills ensuring a fair return to the investors, shareholders and employees of the company.
3. To exercise maximum care for improvement of quality of our products by employing a team of highly skilled technicians and professional managers.
4. To strive hard to explore new customers for the sale of our products in export and local markets.
5. To improve customers' satisfaction level by adhering strictly to quality requirements of our customers in local and export markets and by improving communications with customers for receiving prompt feed backs about quality of our products.
6. To attend and prompt resolution of customers' quality complaints by taking timely corrective measures.
7. To improve logistic facilities for our customers dispatch programme and issue all shipments / delivery documents well in time.
8. To make comprehensive arrangements for the training of our workers / technicians.
9. To promote team work, sense of transparency, creativity in our professionals and technical people

CODE OF CONDUCT

Shahzad Textile Mills Limited, has laid down the following code of conduct, the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's business in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these ethics is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

1. Conflict of interest

All staff member are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

- a. In effecting the purchases for the company and selling its products the directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or services to the company or buying its products.
- b. The staff members should not engage in any outside business while serving the company.
- c. Staff members are not permitted to conduct personal business in company's premises or use company's facilities for the same.
- d. If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

2. Confidentiality

All staff members are required not to divulge any secrets / informations of the company to any outsider even after leaving the service of the company unless it is so required by a court of law. During the course of service in the company they should not disseminate any information relating to business secrets of the company without the consent of management .

3. Kickbacks

All staff members are strictly forbidden not to accept any favour, gifts or kick backs form any organization dealing with the company. In case if such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

4. Proper Books of Account

All funds, receipts and disbursements should be properly recorded in the books of accounts of the company. No false or fictitious entries should be made or misleading statement pertaining to the company or its operations should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

5. Relationship with government officials suppliers, agents etc.

The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult the management.

6. Health and Safety

Every staff member is required to take care of his health and safety and of those working with him. The management is responsible for keeping its staff members insured as per government rules and regulations.

7. Environment

To preserve and protect the environment all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communities, and strive continuously to improve environmental awareness and protections.

8. Alcohol, Drugs

All types of gambling and betting at the company's work places are strictly forbidden. Also bringing alcohols or drugs inside the work places are not allowed. If any staff member, not abiding by these prohibitions will attract disciplinary as well as penal action.

9. Coordination among staff members to maintain discipline

All staff members will work in close coordination with their co-workers, seniors and colleagues. Every member will cooperate with other members so that the company's work could be carried out effectively and efficiently. All cases of non-cooperation among staff members should be reported to the management for necessary and suitable action. Strict disciplinary action will be taken against those staff members who violate the rules and regulations of the company.

10. Workplace harassment

All staff members will be provided an environment that is free from harassment and in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.

SIX YEARS FINANCIAL SUMMARY

	2019	2018	2017	2016	2015	2014
Sales	6,071,492	5,464,278	4,511,169	3,692,132	4,211,486	4,997,603
Gross Profit	492,160	267,586	242,998	184,755	253,651	398,645
Profit/(Loss) before taxation	188,593	101,183	64,031	21,632	48,567	285,627
Provision for tax	(57,867)	(28,984)	(29,316)	(34,989)	(12,789)	(67,928)
Profit/(Loss) after taxation	130,726	72,200	34,715	(13,357)	35,778	217,699
Total Assets	3,659,893	3,430,522	2,908,801	2,630,358	2,598,113	2,639,987
Current liabilities	836,690	969,147	764,960	591,876	578,450	600,823
	2,823,203	2,461,375	2,143,841	2,038,482	2,019,663	2,039,164

Represented By :

Equity & Surplus	2,223,856	2,113,308	1,752,012	1,714,359	1,703,304	1,693,873
Long Term Loans & leases	323,871	58,038	98,777	-	-	35,224
Deferred Liabilities	275,476	290,030	293,053	324,123	316,359	310,067
	2,823,203	2,461,375	2,143,841	2,038,482	2,019,663	2,039,164

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company: **Shahzad Textile Mills Limited**

Year Ending: **30th June, 2019**

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

1. The total numbers of directors are seven (07) as per the following:
 - a) Male: Seven (06)
 - b) Female: One (1)
2. The composition of board is as follows:

a)	Independent Directors	Two (02)
	Syed Raza Ali Bokhari Dr. Ali Raza Khan	
b)	Other Non-Executive Director	Three (03)
	Mian Parvez Aslam Mr. Irfan Aslam Mrs. Nazish Imran	
c)	Executive Directors	Two (02)
	Mr. Imran Aslam Mr. Danish Aslam	
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The board has arranged Directors' Training Program for the following:

Three Directors of the Company namely Mian Parvez Aslam, Mr. Imran Aslam, and Mr. Irfan Aslam are exempted from the requirement of Directors' Training Program.

The board is arranging Directors' Training for the four recently appointed directors by June, 2020.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

a) **Audit Committee**

•	Syed Raza Ali Bokhari	Chairman
•	Mian Parvez Aslam	Member
•	Mr. Irfan Aslam	Member

b) **HR and Remuneration Committee**

•	Dr. Ali Raza Khan	Chairman
•	Mr. Danish Aslam	Member
•	Mrs. Nazish Imran	Member

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

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

a) **Audit Committee**

The audit committee of the company is meeting every quarter of the financial year prior to the approval of interim results of the company by its board of directors and after completion of external audit and if requested by the external auditors or the head of internal audit.

b) **HR and Remuneration Committee**

The Committee shall meet at least once in a financial year and may meet more often if requested by a member of the board, or committee itself or the chief executive officer.

15. The board has set up an effective internal audit function which was duly reviewed and ratified by the Audit Committee and approved by the Board of Directors of the Company.

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

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

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

Lahore
Dated: October 05, 2019


MIAN PARVEZ ASLAM
CHAIRMAN

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE
MEMBERS OF SHAHZAD 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 Shahzad Textiles Mills Limited (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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


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

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

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

Serial No.	Paragraph Reference	Description
2	9	At least 50% of the Directors have not acquired the prescribed certification under the Directors Training Program or obtained exemption from the Commission as required under clause 20 of the Regulations.

Lahore
Dated: October 05, 2019


HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 41st Annual General Meeting of the Shareholders of **SHAHZAD TEXTILE MILLS LIMITED** will be held at Company's Registered Office, 19-A, Off. Zafar Ali Road, Gulberg-V, Lahore on Monday, October 28, 2019 at 12:30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Chairman's Review Report, the Reports of Directors and Auditors together with Audited Annual Financial Statements for the year ended 30th June 2019.
2. To approve as recommended by the Board of Directors, the payment of final cash dividend of Rs. 1.50 per share (i.e. @ 15.0%) for the year ended 30th June 2019.
3. To appoint Company's auditors and to fix their remuneration. The members are hereby notified that the Audit Committee and the Board of directors have recommended the name of retiring auditors M/s Horwath Hussain Chaudhury & Co. Chartered Accountants for appointment as auditors of the Company.

SPECIAL BUSINESS

4. To consider and, if deemed fit, to pass the following resolution as Special Resolution with or without modification for ratification of Transactions with Related Parties as per Note No. 36 of Audited Accounts 2019.

RESOLVED that the related party transactions carried out by the Company with related parties during the year ended June 30, 2019 be and hereby approved.

RESOLVED FURTHER that Chief Executive of the Company be and is hereby authorized to approve transactions to be conducted with the Related Parties in the normal course of business during the year ending June 30, 2020 and till the date of next annual general meeting.

By order of the Board



(HASSAN-UD-DIN ANSARI)
Company Secretary

Place: Lahore
Dated: October 05, 2019

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 19, 2019 to October 28, 2019 (both days inclusive). Transfers received in order at Company's Independent Share Registrar's Office, Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7- Bank Square, Lahore by the close of business on October 18, 2019, will be treated in time for the entitlement of dividend to the transferees and to attend the annual general meeting.
2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her and a proxy so appointed shall have the same rights, as respects attending, speaking and voting at the AGM as are available to the members. A Proxy must be a member of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of AGM.

4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

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

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

5. CNIC/IBAN for E-Dividend Payment

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.

6. Zakat Declarations:

The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980.

7. Circulations of Annual Reports through Email

The shareholders who intends to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: www.shahzaditex.com.

8. Tax Deductions from Filers and Non-Filers

The deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S.No	Nature of Shareholders	Rate of deduction
1	Filers	15.0%
2	Non- Filers	30.0%

Tax deduction will be made on the basis of Active Tax Payers List provided on the website of Federal Board of Revenue.

Members seeking exemption from deduction of tax on dividend payment or are eligible for deduction at a reduced rate are requested to submit a valid withholding tax exemption certificate or necessary documentary evidence, as the case may be.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio/CDC Account No.	Name of shareholder	CNIC	Shareholding	Total shares	Principal/joint shareholder
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9. Unclaimed Dividend and Bonus Shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar M/s Hameed Majeed Associates (Private) Limited, 7-Bank Square, Lahore, to collect/enquire about their unclaimed dividend or pending shares, if any.

10. Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the AGM. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least seven (7) days prior to the date of the meeting on the Standard Form provided in the annual report and also available on the company's website: www.shahzadtex.com.

11. Placement of Financial Statements

The Company has placed a copy of the Notice of AGM, Audited Annual Financial Statements for the year ended 30th June 2019 along with the Chairman's Review Report, the Reports of Directors and Auditors www.shahzadtex.com.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning special business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2019.

Ratification / approval of Related Party Transactions

The Company carried out transactions as per Note No. 36 of Audited Accounts 2019 with its related parties in the ordinary course of business under the authority of the special resolution of the members as approved by them during the last annual general meeting held on October 27, 2018. All these transactions were presented before the Board of Directors for their review and consideration as recommended by the Audit Committee on quarterly basis.

Since, the majority of the Company Directors were interested in the related party transactions carried out during the financial year ended June 30, 2019 with the related parties due to their common directorship and shareholding in these associated undertakings, therefore, these transactions have been placed before the members of the Company for their approval in the General Meeting. The transactions with all related parties are entered on arms' length basis.

The Directors are interested in this business to the extent of their respective directorships and /or shareholdings.

CHAIRMAN'S REVIEW REPORT

For the year ended June 30, 2019

It is my great pleasure to present a report on the overall functioning of the Board of Directors of Shahzad Textile Mills Limited and its effective role and accomplishment of intended motives company's objectives.

The board of directors is responsible for the management of the company, which formulates all significant policies and strategies. The board is governed by relevant laws & regulations and its obligation, rights, responsibilities and duties are as specified and prescribed therein. The Board of Directors comprises of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities.

An annual self evaluation of the Board of Directors of the Company is carried out. The main intention of this evaluation is to determine the performance and effectiveness against standard measures in the frame work of the objectives set for the Company.

During financial year ended June 30, 2019, eleven meetings of Board Directors were held.

The Board of Directors of the Company were provided agendas and supporting material prior to the board committee meetings. The Non- Executive and Independent Directors are equally involved in important decisions made by the Board. I am pleased to say that Board's overall performance is excellent and satisfactory.

The Company is striving to further improve the working condition of its employees to provide safe, healthy and comfortable working environment.

I wish to acknowledge the contribution of our employees, financial institutions, customers and stakeholders for their confidence and support extended to us.

Lahore:

Dated: October 05, 2019



Mian Parvez Aslam
Chairman

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting before you the 41st directors report and the performance review together with the audit report and the financial statement of the company for the ended June 2019.

Financial and Operational Performance:

The Current financial results of the Company are summarized below:

	2019 Rupees	2018 Rupees
Sales	6,071,491,706	5,464,277,865
Gross Profit	492,159,588	267,585,555
Profit before taxation and Share of Associate	166,808,353	61,095,682
Share of Net profit of associate	21,866,045	40,087,570
Profit before Taxation	188,593,045	101,183,252
Taxation	(57,866,930)	(28,983,671)
Profit after Taxation	<u>130,726,115</u>	<u>72,199,581</u>

By the grace of God, your Company recorded turnover of Rs.6.071 billion against Rs.5.464 billion for the same period of last year almost an 11.11 percent increase over the last year Sales Revenue.

The Profit of the Company before taxation is handsomely increased to Rs. 188.593 million in the current year ended June 30, 2019 as compared to profit of 101.183 million in the corresponding period of last year. Sales revenue of yarn is recorded at Rs.6,071 billion which is 11.11% higher than the last year's sales revenue Rs.5,464/-billion. Its major portion pertains to local sales as local market was quite favorable in the period under discussion. GP rate if percentage vise compared with previous year's gross profit is remarkably higher i.e. Rs 8.1% percent than the previous year GP rate Rs. 4.89%. This all favorable results can be attributed to strenuous efforts of the Management of the Company and favorable local market rates.

GENERAL REVIEW

The Textile industry in Pakistan is the largest manufacturing sector in the country and the second largest employment generating sector. It is contributing almost 60% Foreign Exchange earnings. However due to uncertain circumstance of the country and Government's indifferent attitude towards industry like rapidly deteriorating Pak rupee value against US Dollar and disallowance of export rebate has adversely effected the textile industry. The textile exporter unable to compete in the Global market.

EARNING PER SHARE

The Earning per share has remarkably increased which is currently 7.27 per share as compared to previous year's earning per share Rs.4.02 per share.

FUTURE OUTLOOK

The Management has constantly strived to achieve and has managed to achieve improved financial results by their un-tiring efforts.

The Energy cost is still higher than the regional competitors in addition to increased prices of raw material, higher financial cost, enhancement in labor cost, increase in mark up rate, political instabilities and innovative taxes have made it excessively difficult for industry to take a long term view.

Despite all these adversities, the management due to its consistent and strenuous efforts shown above narrated favorable results like introducing new energy saving devices, installing solar panel, overhauling electricity producing generators, running them strategically by corresponding with local electricity supply, exploring new customers in local and international market. In above given financial data the substantial increase in sales and profit is the clear evidence of intellectual perception of the management.

Similarly the management foreseeing the socks demand in international market installed a unit of socks manufacturing which has been successfully completed and its trial production hopefully shall start in October 2019.

The project was extensively discussed in quarterly and six monthly Directors' reports. Where we discussed that management has shut down Unit No.3 and disposed of its 14,232 Spindle along with related machinery as this unit was continuously running in loss due to obsolete machinery.

ISO 9001-2015 Certification

The Company trust in sustainable quality of yarn to the complete satisfaction of its clients. For this the Company has obtained the latest version of ISO 9001-2015, Certification which is renewed after every three years doing an extensive checking and complete verification of Company's quality management system. This quality certification enhances the trust of new customers and boosts up the confidence of old clients as well

PRINCIPAL RISKS AND UN-CERTAINITIES FACING THE COMPANY

Despite the fact that the Company's financial performance is much improved in the period under discussion but there are some risk factors which may have an impact on the future performance of the company.

FORMATION OF RISK MANAGEMENT COMMITTEE

Formation of risk management committee is not mandatory as per CCG regulation 2017.

RISK FACTORS

A) FOREIGN EXCHANGE RISK

Foreign currency risk arises mainly where receivable and payable exist due to transaction entered into foreign currencies. The Company is exposed to foreign currency risk on trade debts, payable and revenues which are entered in a currency other than Pak Rupees.

B) LIQUIDITY RISK

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate actions for new requirements.

C) CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The Management also continuously monitors credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

D) INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Majority of the interest rate exposure arises from short and long term borrowings from bank, term deposits and deposits in profit and loss/saving accounts with banks and investments in mutual funds.

CHANGES DURING FINANCIAL YEAR CONCERNING NATURE OF THE BUSINESS OF THE COMPANY OR ITS SUBSIDIARIES AND JOINT OPERATION

A change has been occurred during the financial year as company has also started business of socks knitting along with textile yarn manufacturing.

MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE AND POSITION OF THE COMPANY BUSINESS

We are striving hard to give good results to the share holders . However in the present scenario where electricity cost has already been raised and cotton crop is deteriorating in the every coming year both these factors may affect the future production of yarn. China, the major importer of spun yarn, has diverted its prime concentration towards Bangladesh and Vietnam where labour and electricity is available at much cheaper rates than Pakistan. Therefore, spun yarn is exported to China by these two countries at comparatively cheaper rates.

In spite of these difficulties, our Management is running the business in admirable profit.

IMPACT OF COMPANY BUSINESS ON THE ENVIRONMENT

We are carefully maintaining a fresh and pollution free system at our mills by using latest safety devices which sucks all the fluff and other grains injurious to the health of the workers.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board has the ultimate responsibility to establish and maintain adequate internal controls over our financial reporting. Our internal controls are designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our external financial statements in accordance with the International Financial Reporting Standards. Due to inherent limitations of any internal control system, the Management acknowledges that there may be limitations as to the effectiveness of internal controls over financial reporting and, therefore, recognize that only reasonable assurance can be gained from any internal control system. The Company, however, maintains an effective internal control framework comprising of clear structures, authority limits and accountabilities, well understood policies and procedures for review processes.

RELATED PARTIES TRANSACTIONS

The transactions between the related parties were made at arm's length prices determined in accordance with the comparable uncontrolled price method. The same are disclosed in the attached financial statements. The related party transactions were approved by the Board on the recommendation of Audit Committee.

CODE OF CONDUCT FOR PROTECTION AGAINST HARASSMENT AT WORK PLACE.

The Company is determined to provide clean environment working atmosphere and ensures that every employee is treated with respect and dignity. The Company is committed to encourage a positive professional work atmosphere that is essential for the professional growth of its staff. Harassment, therefore, has no place at Shahzad Textile Mills Limited. As such, any offender must be ready to confront disciplinary and corrective action, ranging from a warning to termination of job if such situation arises.

ANTI CORRUPTION

We have provided corruption free environment to the workers. It includes corruption of all forms including extortion and bribery.

CORPORATE SOCIAL RESPONSIBILITY

The Company recognizes that the key to successful and sustainable business is to give back to the society from where we derive economic benefits. We create value for our local community, employers and the government by providing a vast array of facilities to our employees, financial assistance to the families of our deceased employees, promoting a better work life balance amongst our employees, contributing regularly to the national exchequer as per law.

1) Health, Safety and Environment

We work continuously to ensure that our employees work in safe and healthy working environment. Besides, the Company is registered with Social Security and Employees Old Age Benefit Department of the Government and pay regular contribution for the health facility and retirement benefits to the workers of the company.

II) Work-Life Balance

In order to promote a healthy life balance we strictly observe working timing from 9.00am to 5.30pm. This ensures that our employees have plentiful time for recreational activities with their families and friends.

III) Business Ethics

The Management is committed to conduct all business activities with integrity, honesty, and observance of laws and regulations. A Code of Conduct has been developed and approved by the Board.

Contribution to the National Exchequer

To meet our social obligations towards the development of the economy of the country, the Company has contributed Rs.68.461million in the year 2018-19 into the Government Exchequer on account of taxes, levies, excise duty, Income Tax and Sales Tax. Moreover, foreign exchange amount of USD 7.149 Million was also earned for the country from export sales(yarn) during financial year.

Energy Savings

The Management is watchfully focusing on energy saving. There are many preventive measures adopted by fixing energy conserving devices to save the energy. Awareness is also given to workers for energy saving so that unnecessary consumption wastage of energy could be saved.

COMPOSITION OF THE BOARD

The composition of the Board of Directors is in compliance with the requirement of listed Companies Code of Corporate Governance, Regulation 2017 applicable on a listed company which is given below:

Total Number of Directors

a)	Male	6
b)	Female	1

Composition:

i)	Independent Directors	02
ii)	Non –Executive Directors	03
iii)	Executive Directors	02

NAME OF THE DIRECTORS AND BOARD OF DIRECTORS MEETING

During the period under review, Eleven (11) meetings of the Board of Directors were held from July 01, 2018 to June 30, 2019. The details regarding the attendance by the Board members at these meetings has been provided below:

<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
Mian Parvez Aslam	09
Mr. Imran Aslam	10
Mr. Irfan Aslam	07
Syed Raza Ali Bokhari	11
Mr. Humayun Bakht	(Resigned on 25-10-2018) 02
Mr. Ahsan Ahmad Khan	(Retired on 01-04-2019) 08
Mr. Maqsood Shahid Najmi	(Retired on 01-04-2019) 08
Mr. Danish Aslam	(Appointed on 25-10-2018) 08
Dr. Ali Raza Khan	(Elected on 01-04-2019) 03
Mrs. Nazish Imran	(Elected on 01-04-2019) 02

AUDIT COMMITTEE

The Board has established an Audit Committee which consists of the following directors:

Syed Raza Ali Bokhari	Independent Director	Chairman
Mian Parvez Aslam	Non Executive Director	Member
Mr. Irfan Aslam	Non Executive Director	Member
Mr. Maqsood Shahid Najmi	Non- Executive Director (Retired on 31-03-2019)	Member

The Audit committee efficiently reviews the usefulness of the prevailing internal control system and identifies any loop holes therein. The Committee also recommends corrective measures to improve the implementation of the internal control system.

During the period under review Seven (7) meetings of audit committee of the company were held from July 01, 2018 to June 30, 2019 respectively and the details of the attendance at these meetings is as follows:

Name of Member	No. of Meeting Attended
Syed Raza Ali Bokhari	Seven (7)
Mian Parvez Aslam	Four (4)
Mr. Irfan Aslam	Seven (7)
Mr. Maqsood Shahid Najmi	Three (3)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

In Compliance with the Code of Corporate Governance Regulations, 2017 the Board of Directors has formed a Human Resource and Remuneration Committee comprising of three Directors named below. The HR & R Committee provides assistance to the Board of Directors in helping the Company's Human Resource function efficiently. Further, the HR & R Committee will also assess and makes recommendations to ensure that the Company's Human Resource policies are objectively associated with its overall business.

Dr. Ali Raza Khan	Independent Director Appointed on 10-04-2019	Chairman
Mr. Danish Aslam	Executive Director Appointed on 10-04-2019	Member
Mrs. Nazish Imran	Non-Executive Director Appointed on 10-04-2019	Member

Names of the members of the Committee	Meetings Attended	
Syed Raza Ali Bokhari	Chairman Retired on 01-04-2019	Two (2)
Mr. Imran Aslam	Member Retired on 01-04-2019	Two (2)
Mr. Ahsan Ahmad Khan	Member Retired on 01-04-2019	Two (2)

CORPORATE GOVERNANCE

Statement of compliance as required under the Listed Companies (Code of Corporate Governance), 2017 is annexed. Statement of compliance under Companies Act, 2017 has not been notified.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND THE BOARD COMMITTEES

Complying with Listed Companies Code of Corporate Governance, 2017 the Board has developed a mechanism for evaluation of performance of the Board of Directors and board committees. Directors evaluation of performance according to questionnaire is expected in shorty. The core area of focus covered included:

- Alignment of corporate goals and objectives with vision and mission of the Company.
- Strategy formulation for sustainable operation;
- Measuring and monitoring of performance; and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

Individual feedback was obtained and on the basis of that feedback the average rating of the performance of the board was found satisfactory. Improvement is an ongoing process and the board has identified the areas of improvement in line with the global best practices.

DIRECTORS' REMUNERATION

The Executive Directors remuneration is considered and recommended by the Human Resource and Remuneration Committee (HR & R) to the Board of Directors. Then remuneration matter is discussed considered reviewed and approved by the Board of Directors after due deliberations.

Remuneration policy of non-executive directors and independent is under consideration and shall be concluded after due forethought.

DIRECTORS TRAINING PROGRAM

The Company is fully compliant with the requirement of Directors Training Program.

APPOINTMENT OF AUDITORS

The Auditors M/s Horwath Hussain Chaudhry & Co. Chartered Accountant, will retire and eligible for re-appointment as auditors of the Company for the next year. The Audit committee and the Board have endorsed their re-appointment for reconsideration of the members at the forthcoming annual general meeting of the Company.

PATTERN OF SHAREHOLDING

The pattern of shareholding as of 30 June 2019 on the prescribed Form 34 is attached herewith.

SUBSEQUENT EVENTS

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

ACKNOWLEDGMENT

I take this opportunity, on behalf of the directors of the company, to thank all the shareholders, bankers and suppliers who actively participated in the growth of the company. The directors also feel pleasure to appreciate the dedicated officers and workers who have maintained the peaceful environment to run the mill peacefully.

For and on behalf of the Board


DIRECTOR


CHIEF EXECUTIVE

Lahore :
Dated: October 05, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHAHZAD TEXTILE MILLS LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Opinion**

We have audited the annexed financial statements of **Shahzad Textile Mills Limited**, which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss account, the statement of 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, the statement of financial position, statement of profit or loss account, statement of 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 Company's affairs as at June 30, 2019 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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 Standard 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.

Key Audit Matters

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

Following are the Key Audit Matters:

S. No.	Key audit matters	Ho the matter was addressed in our audit
First time adoption of International Financial Reporting Standard (IFRS) 9 'Financial Instruments' and International Financial Reporting Standard (IFRS) 15 'Revenue from contracts with customers'.		
1	Securities and Exchange Commission of Pakistan, (SECP) through an SRO 1007(1)/2017 dated October 4, 2017 directed that IFRS 9, shall be followed for the preparation of financial statements from the annual periods beginning on or after July 1, 2018. The Company has adopted the standards with effect from June 30, 2018.	We reviewed and understood the requirements of IFRS 9 and IFRS 15. Our audit procedures included the following: <ul style="list-style-type: none"> • Obtained understanding of the recorded trade debts by discussing with the management and making enquiries on the entire accounting process associated with the recording of receivables;

Later, in their press release dated February 15, 2019, they deferred the applicability of IFRS 9 for reporting year ending on or after June 30, 2019.

During the year, the Company has also adopted the standard of IFRS 15.

Any change in presentation or classification of items has been accounted for in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

As part of this transition to the requirements, the management performed an analysis to identify differences between the previous and the current applicable standards and as a result certain amendments relating to presentation and disclosures were made in the accompanying financial statements

In view of the amendments and various new disclosures prepared and presented in the financial statements, we considered this as a key audit matter

- Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements;
- Obtained relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria as introduced by IFRS 15.
- Tested booking of provisions on the basis of expected credit loss on trade debts and contract assets as per the requirements of IFRS 9;
- Obtained relevant underlying supporting documentation for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and
- Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosure made.

Increased Long term borrowings

2. Long term borrowings of the Company have shown a significant increase as of June 30, 2019 as compared to the last year as shown in note 8 to the financial statements. This increased level of long term borrowings was considered to be a key audit matter as these comprise a substantial portion of the non-current liabilities of the Company.

Further, compliance with debt covenants is a key requirement of these financing arrangements.

Our procedures include the following:

- We assessed the design and operating effectiveness of the Company's internal controls over recording the term and conditions of borrowings from financial institutions, including their classification and associated costs;
- We obtained confirmations of borrowings as at June 30, 2019 directly from the financial institutions;
- We assessed the adequacy of the Company's compliance with the loan covenants and the disclosure in the financial statements.

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019, 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

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:

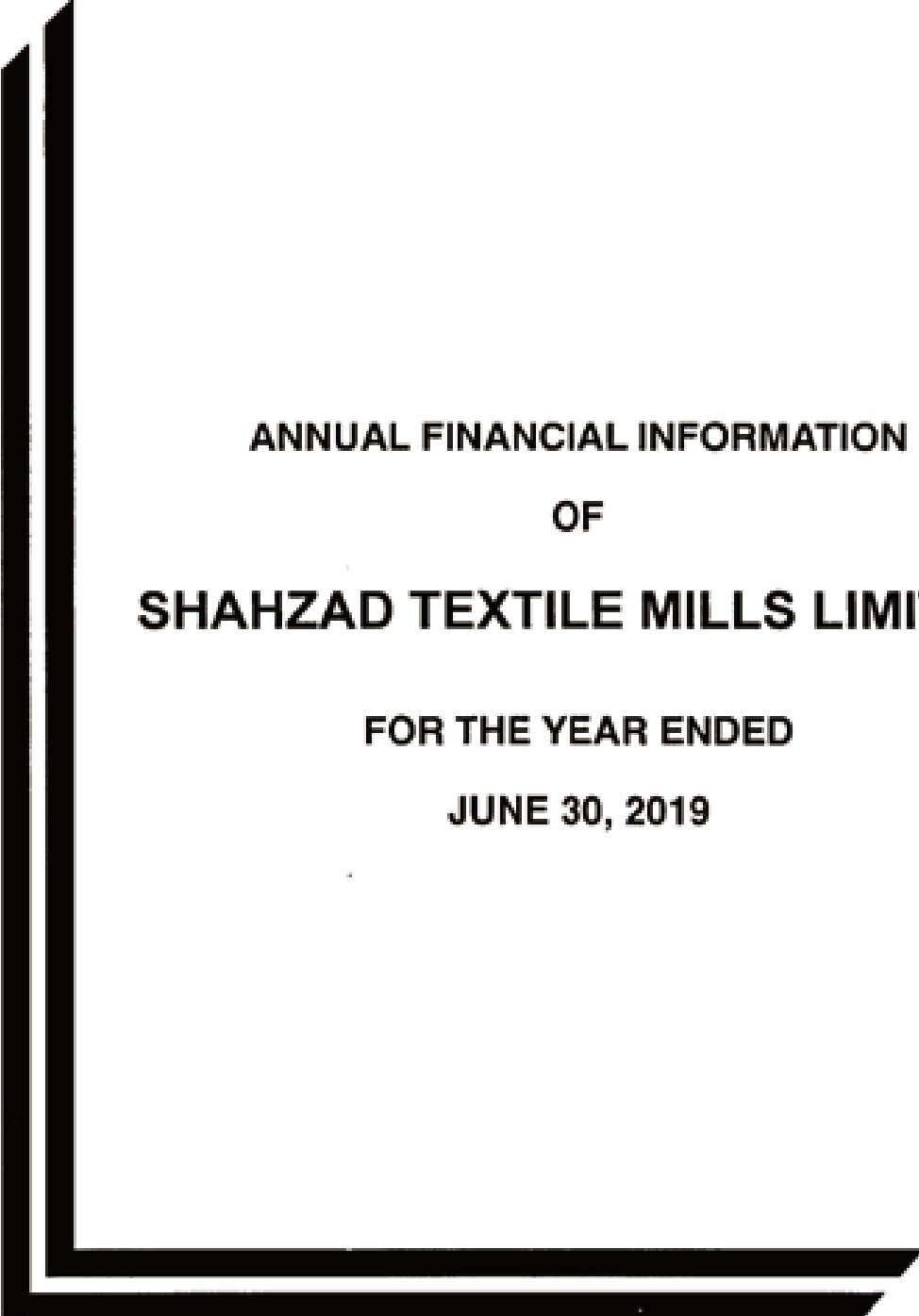
- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss account and other comprehensive income, the statement of changes in equity and the statement of cash flows together 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) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Lahore
Dated: October 05, 2019



HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants



**ANNUAL FINANCIAL INFORMATION
OF
SHAHZAD TEXTILE MILLS LIMITED
FOR THE YEAR ENDED
JUNE 30, 2019**

STATEMENT OF FINANCIAL POSITION

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital: 40,000,000 (2018: 40,000,000) ordinary shares of Rs. 10 each		<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid up capital	5	179,713,720	179,713,720
Reserves	6	1,286,782,547	1,149,804,529
Surplus on revaluation of property, plant and equipment	7	<u>757,360,085</u>	<u>783,789,762</u>
		2,223,856,352	2,113,308,011
Non Current Liabilities			
Long term financing	8	<u>323,870,700</u>	<u>58,036,100</u>
Staff retirement benefits	9	<u>104,977,647</u>	<u>117,208,249</u>
Deferred tax liability - net	10	<u>170,497,971</u>	<u>172,822,200</u>
		599,346,318	348,066,549
Current Liabilities			
Trade and other payables	11	<u>431,114,376</u>	<u>359,213,897</u>
Unclaimed dividends		163,438	163,152
Unpaid dividends		199,348	199,348
Accrued mark up on short term borrowings		12,125,788	12,450,350
Current portion of long term financing	8	33,815,400	40,740,400
Short term borrowings	12	285,294,960	488,605,485
Provision for taxation - net	13	<u>73,976,946</u>	<u>67,774,490</u>
		836,690,256	989,147,122
Contingencies and Commitments	14	-	-
		<u>3,659,882,926</u>	<u>3,430,521,682</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	15	2,252,622,636	1,907,740,469
Long term investment	16	370,110,371	389,984,319
Long term deposits	17	3,847,448	14,070,369
		2,626,580,455	2,311,795,157
Current Assets			
Stores and spares	18	93,963,849	58,294,042
Stock in trade	19	512,370,148	656,653,138
Trade debts	20	73,328,302	103,126,356
Advances, trade deposits, prepayments and other receivables	21	150,699,309	122,365,318
Short term investments	22	47,416,288	8,440,050
Tax refunds due from the Government	23	64,956,976	64,053,211
Cash and bank balances	24	90,577,599	104,794,410
		1,033,312,471	1,118,726,525
		<u>3,659,892,926</u>	<u>3,430,521,682</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

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

	Note	2019 Rupees	2018 Rupees
Sales	25	8,071,491,706	5,464,277,865
Cost of sales	26	<u>(5,579,332,118)</u>	<u>(5,196,692,310)</u>
Gross Profit		492,159,588	267,585,555
Operating Expenses			
- Selling and distribution costs	27	<u>(21,516,927)</u>	<u>(25,802,248)</u>
- Administrative expenses	28	<u>(144,475,860)</u>	<u>(130,276,738)</u>
		<u>(165,992,787)</u>	<u>(156,078,986)</u>
Operating Profit		326,166,801	111,506,569
Finance cost	29	<u>(58,192,075)</u>	<u>(53,100,365)</u>
Other operating expenses	30	<u>(109,815,211)</u>	<u>(41,753,202)</u>
Other income	31	8,648,838	44,442,680
Share of net profit of associate	16	<u>21,784,692</u>	<u>40,087,570</u>
		<u>(137,573,756)</u>	<u>(10,323,317)</u>
Profit before Taxation		188,593,045	101,183,252
Taxation	32	<u>(57,866,930)</u>	<u>(28,963,671)</u>
Net Profit for the Year		<u>130,726,115</u>	<u>72,199,581</u>
Earnings per Share - Basic and Diluted	35	<u>7.27</u>	<u>4.02</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

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

	2019 Rupees	2018 Rupees
Net Profit for the Year	130,726,115	72,199,581
Other Comprehensive Income for the Year		
<i>Items that will not be reclassified to profit or loss</i>		
Experience adjustment on remeasurement of staff retirement benefits of:		
- The Company	3,067,289	(16,263,853)
Related tax impact	(727,561)	3,687,015
	2,339,728	(12,576,838)
- Associated company	(1,124,227)	(2,041,686)
Related tax impact	168,634	306,253
	(955,593)	(1,735,433)
Surplus on revaluation of property, plant and equipment	-	327,250,029
Related tax impact	-	(3,682,495)
	-	323,557,534
Share in deficit on value of investment in associate through other comprehensive income	(5,118,550)	(7,199,126)
Related tax impact	767,783	1,079,869
	(4,350,767)	(6,119,257)
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
Other comprehensive (loss)/income for the year	(2,966,632)	303,126,006
Total Comprehensive Income for the Year	<u>127,759,483</u>	<u>375,325,587</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

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

	Note	2019 Rupees	2018 Rupees
CASH GENERATED FROM OPERATIONS	34	619,370,937	158,305,173
Income tax paid		(88,460,899)	(58,621,729)
Gratuity paid		(45,613,202)	(24,695,661)
Finance cost paid		(47,663,077)	(41,232,805)
Workers' (profit) participation fund paid		(6,577,826)	(3,520,995)
		<u>(188,315,004)</u>	<u>(128,071,190)</u>
Net Cash generated from Operating Activities		451,055,933	30,233,983
CASH FLOW FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(57,777,916)	(7,579,080)
Long term deposits		10,222,921	(100,000)
Capital work in progress		(452,958,607)	(33,081,146)
Short term investments		(37,425,992)	(7,254,087)
Proceeds from disposal of property, plant and equipment		35,038,861	23,001,507
		<u>(502,900,733)</u>	<u>(25,012,806)</u>
Net Cash used in Investing Activities		(502,900,733)	(25,012,806)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid to shareholders		(17,971,086)	(18,025,075)
Dividends received from associated company		-	16,240,000
Long term financing obtained - net		258,909,600	(40,740,400)
Short term borrowings repaid - net		(203,310,525)	61,758,941
		<u>37,627,989</u>	<u>39,233,466</u>
Net Cash generated from Financing Activities		37,627,989	39,233,466
Net (Decrease) / Increase in Cash and Cash Equivalents		(14,216,811)	44,454,643
Cash and cash equivalents at the beginning of the year		104,794,410	60,339,767
Cash and Cash Equivalents at the End of the Year		<u>90,577,599</u>	<u>104,794,410</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

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

	Share Capital	Share Premium	Unappropriated Profits	Revaluation Surplus	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2017	179,713,720	5,796,000	1,062,991,306	483,510,877	1,732,011,903
Net profit for the year ended June 30, 2018	-	-	72,199,581	-	72,199,581
Other comprehensive income for the year ended June 30, 2018	-	-	(20,431,526)	323,557,534	303,126,008
Final dividend paid for the year ended June 30, 2017	-	-	(17,971,372)	-	(17,971,372)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year (net of deferred tax)	-	-	13,069,861	(13,069,861)	-
Surplus on revaluation of property, plant and equipment realized on disposal	-	-	9,407,807	(9,407,807)	-
Surplus on revaluation of property, plant and equipment related to export sales	-	-	-	(3,149,085)	(3,149,085)
Surplus on revaluation of property, plant and equipment related to change of rate	-	-	-	2,348,104	2,348,104
Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax)	-	-	3,926,406	-	3,926,406
Share in realized surplus on revaluation of property, plant and equipment of associate (net of deferred tax)	-	-	816,468	-	816,468
Balance as at June 30, 2018	179,713,720	5,796,000	1,144,008,529	783,789,762	2,113,308,011
Net profit for the year ended June 30, 2019	-	-	130,726,115	-	130,726,115
Other comprehensive loss for the year ended June 30, 2019	-	-	(2,966,632)	-	(2,966,632)
Final dividend paid for the year ended June 30, 2018	-	-	(17,971,372)	-	(17,971,372)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year (net of deferred tax)	-	-	12,451,289	(12,451,289)	-
Surplus on revaluation of property, plant and equipment realized on disposal	-	-	10,807,694	(10,807,694)	-
Surplus on revaluation of property, plant and equipment related to export sales	-	-	-	(3,170,694)	(3,170,694)
Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax)	-	-	3,930,924	-	3,930,924
Balance as at June 30, 2019	179,713,720	5,796,000	1,280,986,547	757,360,085	2,223,856,352

The annexed notes from 1 to 45 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

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

Note 1

The Company and its Operations

Shahzad Textile Mills Limited (the Company) was incorporated in Pakistan on October 24, 1978 as a Public Limited Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange. The Company is domiciled in Pakistan and principle business of the Company is to manufacture and deal in all types of yarn.

The information on geographical location and addresses of the Company's business units including plants is as under:

- The Company's registered office is situated at 19-A, Off Zafar Ali Road, Gulberg - V, Lahore
- Unit 1,4 & Socks is situated at 34th Km, Lahore Sheikhupura Road, Sheikhupura
- Unit 2 is situated at 7th Km, Sheikhupura Faisalabad Road, Sheikhupura

Note 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 Basis of measurement

These financial statements have been prepared under the historical cost convention except to the extent of following:

Staff retirement benefits	Note 9	(Stated at Present value)
Certain property, plant and equipment	Note 15	(Stated at Revalued amount)
Long term investment	Note 16	(Stated at Equity method)
Investments in quoted companies	Note 22	(Stated at Fair value)

2.3 Functional and presentational currency

These financial statements are prepared and presented in Pak Rupees which is the functional and presentation currency of the Company. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, as well as expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant management estimates in these financial statements relate to the useful life and residual values of property, plant and equipment; provisions for doubtful receivables; provisions for defined benefit plans, slow moving and obsolete inventory, and taxation.

The basis and associated assumptions underlying the accounting estimates used in the preparation of annual financial statement of the Company for the year ended June 30, 2019 have been consistent with previous year except for the loss allowance for doubtful debt for the application of IFRS 9, Financial Instrument and contract liability for the application of IFRS 15.

2.4.1 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on a regular basis. Any change in the management's estimates might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

2.4.2 Doubtful receivables

The Company reports its trade and other receivables after deducting appropriate loss allowance for doubtful receivables using its prudence and experience. This estimate is judgment based. Recoveries of amounts already provided and / or the need of further provisioning cannot be determined with precision.

2.4.3 Staff retirement benefits

The Company has recorded its employees' retirement benefits at fair value using actuarial assumptions regarding increase in salaries in subsequent years, remaining working lives of employees and an estimate of discount rates. Change in actuarial assumptions over the period of time may affect the fair value of post-employment benefits payable and the charge for such liability accounted for in any given period.

2.4.4 Inventories

The Company has recorded its inventories using lower of cost and net realizable value. Valuation of this inventory is reviewed at regular intervals for determination of possible impairment, if any. Any possible impairment may change the future value of inventories.

2.4.5 Taxation

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

2.5 Changes in accounting standards, interpretations and pronouncements**2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year**

The following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after July 1, 2018 and are considered to be relevant to the Company's financial statements:

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after July 01, 2018). IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after July 1, 2018) replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of their applicability in Pakistan. The Company intends to adopt these standards, if applicable, when they become effective.

Standard or Interpretation	Effective Date (Period beginning on or after)
IAS 28	Long-term Interests in Associates and Joint Ventures — (Amendments)
IAS 23	Borrowing costs
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 3	Business Combinations - Previously held Interests in a joint operation (Amendments)
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation
IFRS 17	Insurance Contracts
IAS 19	Employee Benefits (Amendments)
Conceptual Framework in IFRS Standards (Amendments)	
IAS 1 and IAS 8 (Amendments)	

IFRS 17 outlines the principles governing the recognition, measurement, presentation and disclosure of insurance contracts. The objective of the Standard is to ensure that the reporting entity provides relevant information that faithfully represents those insurance contracts. This information gives users of financial statements better insights into the effects that insurance contracts have on an entity's net assets, financial position, results of operations and cash flows.

Amendments to IAS 19 specify the basis for determining the current service cost and the net interest expense / income for the period between a defined benefit retirement plan amendment, curtailment or settlement and the end of the reporting period.

The IASB has published a revised Conceptual Framework for Financial Reporting that will be used to develop new Standards and Interpretations in future. In particular, the definitions of assets and liabilities as well as the guidance on measurement and derecognition, presentation and disclosure were amended. This has not resulted in any technical amendments to current Standards to date. The amendments merely update the references to the Conceptual Framework in existing Standards. The Conceptual Framework itself is not subject of the endorsement procedure.

Amendments to IAS 1 & IAS 8 clarify the definition of "material". Besides additional explanations, the definition of "material" in the Conceptual Framework as well as all Standards was aligned with the central definition in IAS 1.

The Company expects that such improvement to the standard will not have any material impact on the company's financial statements in the period of initial application, except for IAS 19.

The following standards and amendments to published accounting standards were not effective during the year and have not been early adopted by the Company. The Company intends to adopt these standards, if applicable, when they become effective.

		Effective date [annual periods beginning on or after]
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 9	Financial Instruments [Amendments]	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures	January 01, 2019
IFRS 16	Leases	January 01, 2019

IFRIC 23 clarifies the requirements for measuring and recognizing uncertain income tax items. The interpretation must be applied to the determination of taxable profit / loss, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12.

Amendment to IFRS 9 clarifies how certain financial instruments with prepayment features with negative compensation are classified.

Amendment to IAS 28 clarifies that IFRS 9 must be applied to long-term interests that, in substance, form part of the net investment in an associate or joint venture to which the equity method is applied.

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) is introduced during the year that aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all the leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company expects that such improvement to the standards will not have any material impact on the Company's financial statements.

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2017, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in these financial statements.

Note 3

Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented except for the application of IFRS 15 revenue from contracts with customers (Note 3.16) and IFRS 9 'Financial Instruments' (Note 3.13) adopted with effect from July 01, 2018. The effect of adoption of these new standards has been detailed in Note 4.

3.1 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.2 Staff retirement benefits

Defined benefits plan

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under the gratuity scheme after completion of one year of continuous service. The benefit is calculated on the basis of the number of completed years of service and last drawn gross salary.

Actuarial gains / (losses) arising from experience adjustments and changes in actuarial assumptions for the defined benefits plan are charged or credited to other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the statement of profit or loss account.

Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out at each reporting date.

3.3 Taxation

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

Current

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. All tax credits and tax rebates are taken into account in calculating this charge. However, in case of taxable loss for the year, income tax expense is recognized on the basis of minimum tax liability on turnover of the Company in accordance with the provisions of the income tax law.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Carrying amount of the deferred tax asset is reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable profits will be available against which assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or have been notified at the reporting date for subsequent enactments.

3.4 Trade and other payables

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

3.5 Contingent liabilities

A Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.6 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost / revalued amounts less accumulated depreciation and identified impairment losses, if any, except freehold land and building on freehold land which are stated at revalued amount less accumulated depreciation and impairment loss. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing assets to their working condition.

Depreciation on property, plant and equipment has been provided for using the reducing balance method at the rates specified in Note 15 and is charged to the statement of profit or loss account. Depreciation on additions is charged from the month in which the asset is available for use up to the month in which the asset is disposed off.

The management reviews market value of revalued assets at each balance sheet date to ascertain whether the fair value of revalued assets has differed materially from the carrying value of revalued assets, thus necessitating further revaluation. Latest revaluation of land, building, plant and machinery and power house is carried out by an independent valuer as at June 30, 2019.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss.

Increases in the carrying amount arising on revaluation of assets are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. However, the increase is first recognized in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognized in statement of profit or loss account.

Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the statement of profit or loss account) and depreciation based on the asset's original cost - incremental depreciation on revalued assets is transferred from surplus on revaluation of property, plant and equipment to retained earnings. All transfers from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment is 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 amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of property, plant and equipment, if any, is shown in the statement of profit or loss account.

Leased

Leases where the Company has substantially all the risks and rewards of ownership are classified as 'finance lease'. Assets subject to finance lease are initially recognized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and identified impairment loss.

Related rental obligations, net of finance charges are included in liabilities against assets subject to finance lease. Liabilities are classified as current and long term depending upon the timing of payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of return on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset using the reducing balance method at the same rates as used for owned assets. Depreciation of leased assets is charged to the statement of profit or loss account. Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Capital work-in-progress

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

3.7 Impairment

Carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use.

Impairment loss is recognized as expense in the statement of profit or loss account. Where conditions giving rise to impairment are reversed subsequently, the effect of the impairment charge is also reversed as a credit to the statement of profit or loss account. Reversal of impairment loss is restricted to the original cost of asset.

3.8 Investment in associate

An associate is an entity in which the Company holds more than 20% voting power or over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The operating results, assets and liabilities of associates are incorporated in the financial statements using the equity method. This method is applied from the date when significant influence is established until the date when the significant influence ceases. The Company's share of income and expenses of associates are recognized based upon their latest audited financial statements after realigning their accounting policies, if required.

The share of losses of the associate are recognized to the extent of carrying value/cost of investment. Further losses are recognized only when the Company has made payments on behalf of the associate or has an obligation to make payments on its behalf.

Unrealized gains and losses, if any, arising from transactions with associates are eliminated under the equity method. The Company's share of changes recognized directly in associate's statement of comprehensive income and statement of changes in equity are recognized directly in the Company's statement of comprehensive income and statement of changes in equity, respectively.

3.9 Stores and spares

These are valued at lower of moving average cost and net realizable value; whilst items considered obsolete are written down. Cost of items in transit comprises invoice value plus incidental charges paid thereon.

3.10 Stock in trade

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

Raw materials	- Average cost
Material in transit	- Cost comprising invoice value plus incidental charges
Work in process	- Estimated average manufacturing cost
Finished goods	- Average manufacturing cost
Wastes	- Net realizable value

Manufacturing cost in relation to work in process and finished goods comprises cost of material, labor and appropriately allocated to manufacturing overheads. Net realizable value signifies estimated selling price in the ordinary course of business less necessary costs to make the sale.

3.11 Trade debts and other receivables

All outstanding receivables are reviewed at the reporting date. The Company recognizes and carries these receivables at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, these comprise cash in hand, cash at bank and short term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

3.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information because the effect on the impairment of trade receivables calculated by expected credit loss approach was immaterial.

3.13.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

3.13.1.1 Classification

The Company classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at amortized cost

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

b) Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Company held in short term investments are classified at fair value through profit or loss because they are frequently traded.

Reclassification

When the Company changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Company applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit or loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit or loss.

In case of reclassification out of fair value through profit or loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of the amortized cost measurement category to fair value through other comprehensive income measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit or loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

3.13.1.2 Initial recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset.

Except for trade receivables, financial assets are initially recognized 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 recognized at fair value and transaction costs are expensed in the statement of profit or loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of profit or loss account when the Company's right to receive payments is established. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Company uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade debt.

3.13.1.3 Subsequent measurement

For the purpose of measuring financial assets after initial recognition, these are classified into the following categories:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss account. Dividends on equity instruments are credited to the statement of profit or loss account when the Company's right to receive payments is established.

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

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.

3.13.1.4 Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Company has transferred substantially all the risks and rewards of the asset; or
 - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit or loss.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

If the Company's continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

3.13.1.5 Impairment of financial assets

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit or loss.

3.13.2 Financial liabilities

3.13.2.1 Initial recognition and measurement

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

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, commitments to provide a loan at a below-market interest rate and contingent consideration recognized in a business combination.

The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the profit and loss account.

The Company's financial liabilities include trade and other payables, loans and borrowings including Company overdrafts, financial guarantee contracts and derivative financial instruments.

3.13.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel. The Company has not designated any financial liability as at fair value through profit or loss.

Financial guarantee contracts and commitments to provide a loan at a below-market interest rate

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts and commitments to provide a loan at a below-market interest rate are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

Contingent consideration recognized in a business combination

These are subsequently measured at fair value with changes recognized in profit or loss.

All other liabilities

All other financial liabilities are measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss account.

3.13.2.3 Derecognition

A financial liability is derecognized 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 recognized in the profit and loss account. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

If the Company repurchases a part of a financial liability, the Company allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized is recognized in profit or loss.

3.13.2.4 Offsetting of financial assets and liabilities

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

3.14 Foreign currency transactions

Transactions denominated in foreign currencies are initially recorded in Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the reporting date. Exchange differences are included in profit or loss.

3.15 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party or between two or more segments of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

3.15 Revenue recognition

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

Revenue is to be recognised in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognize the revenue when (or as) the entity satisfies a performance obligation.

3.17 Borrowing costs

Borrowing costs are charged to profit or loss as and when incurred except those costs that are directly attributable to acquisition, construction or production of qualifying assets that are capitalized as part of the cost of assets.

3.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (the Chief Executive Officer of the Company). Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

3.19 Dividends

Dividends are recognized as a liability in the period in which these are declared.

3.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. When applicable, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss account on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Note 4

Change in Accounting Policy

Except for the changes mentioned below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

IFRS 15 Revenue from Contracts with Customers'

This Standard had been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This Standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations.

The timing of revenue and cost recognition has changed to a significant extent for certain types of contracts due to IFRS 15 because revenue is now recognized over time rather than at a point in time. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. Before adoption of IFRS 15, the Company used to recognise trade receivables, even if the receipt of the total consideration was conditional on successful completion of installation services. Under IFRS 15, any earned consideration that is conditional shall now be recognised as a contract asset rather than a receivable. In addition, the standard requires extensive disclosures.

The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is nil on the reporting date.

Financial Instruments under IFRS 9

The Securities and Exchange Commission of Pakistan ('SECP') through SRO 1007(I)/2017 dated October 4, 2017 had notified that IFRS 9, 'Financial Instruments' would be applicable for annual periods beginning on or after July 1, 2018, however, subsequent to reporting date, SECP through SRO 229(I)/2019 dated February 14, 2019 has notified the deferment of this standard to reporting period/year ending on or after June 30, 2019 (earlier application is permitted). Consequently, the Company has adopted this standard in the preparation of these financial statements for the year ended June 30, 2019.

The Company has adopted IFRS 9 'Financial Instruments' during the year that has replaced IFRIC 9 - Reassessment of Embedded Derivatives, IAS 39 - Financial Instruments: Recognition and Measurement, IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). IFRS 9 shall now govern the recognition, measurement, presentation and disclosure of financial instruments.

IFRS 9 has introduced new requirements governing the recognition and measurement of financial instruments and impairment losses on financial assets. IFRS 9 also includes new guidelines on hedge accounting. The financial assets are now classified on the basis of the business model in which they are held and their cash flow characteristics. Equity instruments currently classified as held for trading financial assets may now be recognized at fair value through other comprehensive income. The change in recognition of impairment of financial assets from the incurred loss model to the expected loss model will result in earlier recognition of expected losses in the statement of profit or loss account. The loss allowances to be recognized on receivables will now be determined using the full lifetime expected loss model. The default rates will be based on historical and forward-looking data. The requirements regarding financial liabilities remain mostly unchanged.

The Company has applied IFRS 9 prospectively, with an initial application date of July 1, 2018.

Effects of IFRS 9, Financial Instruments

The reclassification of financial instruments from IAS 39 to IFRS 9 categories depending on the applicable business model and the associated contractual cash flows did not materially affect the financial statements.

Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

Note 5
Issued, Subscribed and Paid Up Capital

2019	2018		2019	2018
Number of shares			Rupees	Rupees
12,240,569	12,240,569	Ordinary shares of Rs. 10 each fully paid in cash	122,405,690	122,405,690
4,418,803	4,418,803	Ordinary shares of Rs. 10 each issued for consideration otherwise than in cash	44,188,030	44,188,030
1,312,000	1,312,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	13,120,000	13,120,000
<u>17,971,372</u>	<u>17,971,372</u>		<u>179,713,720</u>	<u>179,713,720</u>

5.1 No shares were issued or cancelled during the year (2018: Nil).

5.2 Sargodha Jute Mills Limited, an associate, holds 21,090 (2018: 21,090) ordinary shares of the Company as at reporting date.

5.3 There are no agreements with shareholders for any specific voting rights, board selection, rights of first refusal and block voting etc.

Note 6
Reserves

	2019	2018
Capital		Rupees
Share premium reserve	5,796,000	5,796,000
Revenue		
Unappropriated profits	<u>1,280,986,547</u>	<u>1,144,008,529</u>
	<u>1,286,782,547</u>	<u>1,149,804,529</u>

Note 7
Surplus on Revaluation of Property, Plant and Equipment

	Note	2019	2018
		Rupees	Rupees
Land - freehold:			
- Opening balance	7.1	550,578,170	239,616,170
- Revaluation during the year	7.2	-	310,962,000
		550,578,170	550,578,170
Buildings on freehold land:			
- Opening balance	7.1	148,464,361	139,352,471
- Revaluation during the year	7.2	-	21,355,595
		148,464,361	160,708,066
Plant and machinery:			
- Opening balance	7.1	76,400,361	93,679,751
- Revaluation during the year	7.2	-	(7,709,588)
		76,400,361	85,970,163
Power house:			
- Opening balance	7.1	8,346,871	10,862,485
- Revaluation during the year	7.2	-	2,642,032
		8,346,871	13,504,507
		<u>783,789,763</u>	<u>810,760,906</u>
Related deferred taxation		-	(3,692,495)
		<u>783,789,763</u>	<u>807,068,411</u>
Deferred tax relating to export sales	7.3	(3,170,694)	(3,149,085)
Deferred tax due to change of rate		-	2,348,104
Incremental depreciation charged on revalued property, plant and equipment during the year transferred to retained earnings - net of deferred tax		(12,451,289)	(13,069,861)
Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings - net of deferred tax		<u>(10,807,694)</u>	<u>(9,407,807)</u>
		<u>757,360,885</u>	<u>783,789,762</u>

- 7.1** First revaluation of land, buildings and plant and machinery was carried out by an independent valuer as at September 30, 1995 resulting in revaluation surplus of Rs. 435.412 million.
- 7.2** Latest revaluation of property plant and equipment has been carried out on June 30, 2018, by an independent valuer that has resulted in revaluation surplus of Rs. 327.250 million. The following basis have been used for revaluation:

Land	Market Value
Buildings	Market Value
Plant and Machinery	Market Value
Power House	Market Value

- 7.3** This represents amount transferred to deferred tax liability due to change in proportion of local and export sales resulting in change in estimate of deferred tax on surplus on revaluation of property, plant and equipment.

Note 8

Long Term Financing

	Note	2019 Rupees	2018 Rupees
Long term financing	8.1	357,686,100	98,776,500
Less : Current portion		<u>(33,815,400)</u>	<u>(40,740,400)</u>
		<u>323,870,700</u>	<u>58,036,100</u>

- 8.1** These represent long term loans from Habib Metropolitan Bank Limited and JS Bank Limited for enhancement / replacement of power generation facilities to the tune of Rs 58.036 million and long term loans from Habib Metropolitan Bank Limited for machinery of socks unit for Rs 299.650 million, under State Bank of Pakistan's (SBP) LTFF scheme. These loans are secured against specific and exclusive charge on relevant power generators and machinery of the Company and are repayable in 3 to 8 years starting from February 2017 and ending in May 2027. Mark up on these facilities is charged at SBP rate which is 5% payable on calendar quarter basis.

Note 9

Staff Retirement Benefits

	Note	2019 Rupees	2018 Rupees
Staff retirement benefits - Gratuity	9.2.3	<u>104,977,647</u>	<u>117,208,249</u>

- 9.1** The Company operates an unfunded gratuity scheme covering its permanent employees subject to completion of minimum prescribed period of service. Actuarial valuation of the scheme is carried out annually by an independent actuary and the latest actuarial valuation has been carried out as at June 30, 2019. Following key information is included in that actuarial report:

9.2 Actuarial assumptions

Discount rate	14.25%	9.00%
Expected rate of salary increase in future years	13.25%	8.00%
Average expected remaining working life of employees	6.35 Years	6.35 Years
Expected mortality rate for active members	As per SLIC (2001-2005) Mortality Table with one year setback	
Actuarial valuation method	Projected Unit Credit Method	

9.2.1 Reconciliation of the funded status

Present value of defined benefit obligation	9.2.2	<u>104,977,647</u>	<u>117,208,249</u>
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The company does not maintain plan assets to cover its defined benefit obligation.

9.2.2 Company's liability

Opening balance		117,208,249	91,186,667
Charge for the year	9.2.4	36,449,889	34,453,390
Remeasurement chargeable to other comprehensive income - experience adjustment		<u>(3,067,289)</u>	<u>16,263,853</u>
		<u>150,590,849</u>	<u>141,903,910</u>
Benefits paid to outgoing employees		<u>(45,613,202)</u>	<u>(24,695,661)</u>
		<u>104,977,647</u>	<u>117,208,249</u>

	2019	2018
	Rupees	Rupees
9.2.3 Movement in present value of defined benefit obligation		
Opening balance	117,208,249	91,186,667
Current service cost	27,953,741	28,540,477
Interest cost on defined benefit obligation	8,496,148	5,912,913
Benefits paid to outgoing employees	(45,613,202)	(24,695,661)
Remeasurement chargeable to other comprehensive income - experience adjustment	(3,067,289)	16,263,853
	<u>104,977,647</u>	<u>117,208,249</u>

9.2.4 Charge for the year

Current service cost	27,953,741	28,540,477
Interest cost	8,496,148	5,912,913
	<u>36,449,889</u>	<u>34,453,390</u>

9.2.5 Charge for the year has been allocated as under

Cost of sales	29,480,519	29,500,000
Administrative expenses	6,969,370	4,953,390
	<u>36,449,889</u>	<u>34,453,390</u>

9.2.6 Estimated expenses to be Charged for the year 2019-2020

	2020
	Rupees
Current service cost	31,937,147
Interest cost	13,125,937
	<u>45,063,084</u>

9.2.7 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes at the balance sheet date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	99,131,258	111,855,477
Salary increase	1%	112,033,817	98,831,284

9.2.8 The Company does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2019	2018	2017	2016	2015
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligation	104,977,647	117,208,249	91,186,667	93,332,207	88,831,027
Fair value of plan asset	-	-	-	-	-
Net liability	<u>104,977,647</u>	<u>117,208,249</u>	<u>91,186,667</u>	<u>93,332,207</u>	<u>88,831,027</u>

Note 10

Deferred Tax Liability - Net

	2019	2018
	Rupees	Rupees
Taxable temporary differences:		
- Share of net profit of associate	45,676,556	48,657,648
- Accelerated tax depreciation	151,713,169	155,338,377
- Surplus on revaluation of property, plant and equipment	64,288,464	68,349,707
	<u>261,678,189</u>	<u>272,345,732</u>
Deductible temporary differences:		
- Staff retirement benefits and others	(24,897,196)	(26,565,531)
- Provision for doubtful debts	(172,969)	-
- Unused tax credits available	(61,832,634)	(70,557,481)
- Others	(4,287,419)	(2,400,520)
	<u>(91,190,218)</u>	<u>(99,523,532)</u>
	<u>170,487,971</u>	<u>172,822,200</u>

Note 11

Trade and Other Payables

	Note	2019 Rupees	2018 Rupees
Creditors for:			
- Goods supplied	11.1	44,352,024	30,446,325
- Services		8,919,616	8,531,889
Accrued liabilities	11.2	303,021,288	277,587,056
Advances from customers		184,675	7,543,298
Workers' (profit) participation fund	11.3	9,927,366	6,378,311
Workers' welfare fund		8,150,300	4,212,881
Sales tax payable	11.4	51,902,573	20,481,774
Unclaimed wages		4,656,534	4,037,363
		<u>491,114,376</u>	<u>359,213,897</u>

11.1 There is amount of Rs. 13,200 outstanding payable to related party i.e. Sargodha Jute Mills Limited as at the balance sheet date.

11.2 This includes Rs. 134.55 million (2018: 119.93 million) on account of gas infrastructure development cess (GIDC).

11.3 Workers' (profit) participation fund

Opening balance	6,378,311	3,450,221
Markup on Workers' (profit) participation fund	199,515	-
Provision for the year	9,927,366	6,449,085
	<u>16,505,192</u>	<u>9,899,306</u>
Paid during the year	<u>(6,577,826)</u>	<u>(3,520,995)</u>
Closing balance	<u>9,927,366</u>	<u>6,378,311</u>

11.4 This includes Rs. 48.97 million (2018: 18.82) on account of provision for further sales tax.

Note 12

Short Term Borrowings

	Note	2019 Rupees	2018 Rupees
From banking companies - Secured			
Cash / packing finances	12.1	<u>285,294,960</u>	<u>488,605,485</u>

12.1 The Company obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 2,044 million (2018: Rs. 2,194 million) towards working capital requirements, retirement of local and foreign LC's discounting local bills / receivables. These facilities shall expire on various dates latest by July 31, 2019. Mark up on these facilities is charged from 1 to 6 month KIBOR plus a spread of 1% to 1.25% (2018: 1 to 3 month KIBOR plus a spread of 1% to 1.25%) payable quarterly. The aggregate short term finances are secured by ranking and hypothecation charge on property, plant and equipment, stocks and receivables of the Company; lien over export and import documents and personal guarantee of sponsoring directors of the Company. The above balance represents the utilized portion of the funded facilities, whereas the Company has also utilized Rs. 11.102 (2018: 77.25 million) from its non-funded facilities.

Note 13

Provision for Taxation - net

	2019 Rupees	2018 Rupees
Opening balance	67,774,490	45,166,955
Charge for the year - Current	73,976,946	67,774,490
Payments / adjustments against advance tax, tax credits and refunds	<u>(67,774,490)</u>	<u>(45,166,955)</u>
	<u>73,976,946</u>	<u>67,774,490</u>

13.1 The provision for current year is based on corporate tax i.e. 29% on domestic sales, 1% and 15% on export sales and dividend income respectively. Sufficient tax provision has been incorporated in these financial statements.

13.2 Income tax assessments are deemed finalized by the management up to the Tax Year 2018 as tax returns were filed under the self assessment scheme.

Note 14

Contingencies and Commitments**14.1 Contingencies****14.1.1** The Company has provided bank guarantee in the favor of following party:

	<u>2019</u>	<u>2018</u>
	Rupees in Million	
- Sul Northern Gas Pipeline Limited	<u>72.89</u>	<u>72.64</u>

14.1.2 The Company is contingently liable for Rs. 23.102 million (June 2018: Rs. 19.983 million) on account of electricity duty on self generation. The company has obtained stay order by filing petition on August 10, 2010 in Lahore High Court, Lahore. However the company has not admitted the said duty and case is pending before the Lahore High Court, Lahore.

14.2 Commitments

	<u>2019</u>	<u>2018</u>
	Rupees in Million	

14.2.1 The Company's outstanding commitments / contracts as at the balance sheet date are as under:

Foreign bills of exchange purchased	-	50.34
Letters of credits	<u>29.36</u>	<u>4.61</u>
	<u>29.36</u>	<u>54.95</u>

Note 15
Property, Plant and Equipment

	Note	2019		2018	
		Rupees	Rupees	Rupees	Rupees
Operating fixed assets	15.1	1,799,664,029	1,907,740,469		
Capital work in progress	15.8	452,958,607	-		
		<u>2,252,622,636</u>	<u>1,907,740,469</u>		

15.1 Operating fixed assets

Year ended June 30, 2019

Description	Cost / Revalued Amounts			Rate	Depreciation			Book Value as at June 30, 2019
	As at June 30, 2018	Additions	Disposals		Total as at June 30, 2019	Up to June 30, 2018	For the year	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Owned				%				
Land - freehold	555,380,000	2,270,000	-	-	557,650,000	-	-	557,650,000
Buildings on freehold land	304,396,989	1,982,750	-	5	306,379,739	15,310,725	-	291,069,014
Plant and machinery	782,894,644	7,937,355	(58,004,970)	5	732,827,029	38,202,975	(1,595,313)	696,219,367
Power house	201,000,000	-	-	20	201,000,000	40,200,001	-	160,799,999
Solar panel equipment	-	26,639,188	-	10	26,639,188	221,993	-	26,417,195
Furniture and fixtures	5,867,172	-	-	10	5,867,172	44,376	-	399,396
Vehicles	100,164,367	15,161,475	(7,181,510)	20	108,144,332	54,982,120	(4,021,215)	47,064,902
Electric installations	46,855,357	193,500	-	10	47,048,857	29,053,813	-	16,213,278
Computers and equipment	3,553,214	3,593,648	(58,000)	20	7,088,862	3,069,604	(41,214)	3,684,251
Arms and ammunition	410,775	-	-	7	410,775	253,112	-	146,627
Total as at June 30, 2019	2,000,522,518	57,777,916	(65,244,480)		1,993,055,954	92,782,049	(5,657,742)	1,799,664,029

15.2 Operating fixed assets
Year ended June 30, 2018

Description	Cost / Revalued Amounts			Rate %	Depreciation		Book Value as at June 30, 2018
	As at June 30, 2017	Additions / (Disposals)	Revaluation Adjustment		Up to June 30, 2017	For the year	
	Ruppes	Ruppes	Ruppes		Ruppes	Ruppes	Ruppes
Owmed							
Land - freehold	244,418,000	-	310,962,000	-	-	-	555,380,000
Buildings on freehold land	313,516,500	-	21,355,595 (30,475,106)	5	15,578,190	(30,475,106)	304,396,989
Plant and machinery	890,078,289	3,505,999 (18,042,000)	(7,709,588) (84,938,056)	5	44,398,557	(84,938,056) (1,553,010)	782,854,644
Power house	165,640,271	101,596,609 (21,000,000)	2,642,022 (47,188,902)	20	12,599,169	(47,188,902)	201,000,000
Furniture and fixtures	5,867,172	-	-	10	5,374,092	49,306	443,772
Vehicles	100,210,225	7,579,080 (7,624,938)	-	20	48,352,504	10,946,454 (4,316,838)	45,182,247
Electric installations	43,628,477	3,226,880	-	10	27,404,526	1,649,287	17,861,544
Computers and equipment	3,553,214	-	-	20	2,948,700	120,904	483,610
Arms and ammunition	410,775	-	-	7	241,246	11,866	157,663
	1,756,722,923	115,818,568 (46,666,938)	327,250,029 (162,602,064)		156,896,984	109,210,310 (10,273,181)	1,907,740,469
Total as at June 30, 2018	1,756,722,923	69,151,630	164,647,965		156,896,984	98,487,129 (162,602,064)	1,907,740,469

15.3 Had there been no revaluation, the cost, accumulated depreciation and book values of revalued assets would have been as follows.

As on June 30, 2019		
Cost	Accumulated Depreciation	Book Value
2,071,830	-	2,071,830
219,679,976	110,996,338	108,683,638
1,147,998,310	531,841,412	616,156,898
300,966,375	168,001,272	132,965,103
1,692,716,491	811,839,022	884,077,469

15.4 Depreciation charge for the year has been allocated as under:

	Note	2019		2018	
		Rs.	Rs.	Rs.	Rs.
Cost of sales	26	95,837,383	98,081,777		
Administrative expenses	28	10,430,235	11,128,532		
		<u>106,267,618</u>	<u>109,210,309</u>		

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

Location / Address	Usage of Immovable Property	Total Area	Covered Area (In Sq. Ft.)
34th Km, Lahore Sheikupura Road, Sheikupura	Manufacturing facility Unit 1, 3, 4	104 Kanals and 3 Marlas	433,347
7-6a Sheikupura finished Road, Khanikhwala	Manufacturing facility Unit 2	123 Kanals and 18 Marlas	246,184
Office No. 703, 7th Floor, Tricon corporate center, Lahore	Company office		5,150

15.6 Fossil sales value of freehold land, building, plant and machinery and power house is Rs. 472,673,000, Rs. 258,737,441, Rs. 665,460,447 and Rs. 170,850,000 respectively as per the latest revaluation which was carried out on June 30, 2018.

15.7 Detail of items of property, plant and equipment having book value exceeding Rs. 500,000 sold during the year

Particulars	Cost / Revised amount	Accumulated depreciation	Book value	Disposal proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers	Relationship
Vehicles								
HONDA CIVIC VTI 1799 CC	2,503,850	(1,506,761)	997,089	1,400,000	402,911	Negotiation	Al-Fatih Enterprises	No relation
HONDA CIVIC 1799 CC	2,721,519	(1,000,725)	1,710,795	2,300,000	489,215	Negotiation	Muhammad Shabool	No relation
Plant and machinery								
Simplex Machine P#-6 Model 1978	1,350,000	(5,625)	1,344,375	1,360,505	(83,870)	Negotiation	Zee Square	No relation
Simplex Mach P# 4 Model 1978	1,750,000	(11,250)	1,738,750	1,260,504	(78,246)	Negotiation	Zee Square	No relation
Toyoda P#-1696 Spindle P#-1500 Japan	2,704,000	(78,867)	2,625,133	1,897,436	(727,697)	Negotiation	Local Trading Company	No relation
Ring Machine And Drawing	4,100,000	(119,583)	3,980,417	1,835,709	(2,144,708)	Negotiation	Local Trading Company	No relation
Drawing Machine	1,607,000	(53,288)	1,553,712	769,230	(1,004,482)	Negotiation	Local Trading Company	No relation
Drafting System P#-16 96	1,000,000	(29,167)	970,833	512,821	(458,012)	Negotiation	Local Trading Company	No relation
Scotcher Ring Machine	2,750,000	(80,208)	2,669,792	981,957	(1,687,835)	Negotiation	Local Trading Company	No relation
Ring Machine R.Y Toyoda P#-225	1,900,000	(55,417)	1,844,583	853,752	(990,831)	Negotiation	Local Trading Company	No relation
Ring Machine 587 Drafting P#	1,900,000	(55,417)	1,844,583	853,752	(990,831)	Negotiation	Local Trading Company	No relation
Ring Machine	1,900,000	(55,417)	1,844,583	853,752	(990,831)	Negotiation	Local Trading Company	No relation
Ring Machine	1,900,000	(55,417)	1,844,583	853,752	(990,831)	Negotiation	Local Trading Company	No relation
Ring Machine	1,900,000	(55,417)	1,844,583	853,752	(990,831)	Negotiation	Local Trading Company	No relation
Ring Machine 587 Drafting P#-225	1,900,000	(55,417)	1,844,583	853,752	(990,831)	Negotiation	Local Trading Company	No relation
Ring Machine And Drafting P#-225	1,900,000	(55,417)	1,844,583	853,752	(990,831)	Negotiation	Local Trading Company	No relation
Ring Machine Drafting P#-225	2,850,000	(80,125)	2,769,875	1,280,628	(1,489,247)	Negotiation	Local Trading Company	No relation
Simplex Machine	3,089,999	(90,125)	2,999,874	1,679,490	(1,320,384)	Negotiation	Local Trading Company	No relation
Ring Machine Drafting P#-225	1,900,000	(55,417)	1,844,583	853,740	(990,843)	Negotiation	Local Trading Company	No relation
Ring Machine Drafting P#-225	1,900,000	(55,417)	1,844,583	853,754	(990,829)	Negotiation	Local Trading Company	No relation
Simplex Machin P#-16 96 Spindle-drafting System	1,000,000	(29,167)	970,833	512,821	(458,012)	Negotiation	Local Trading Company	No relation
Toyoda Ck-7C, Japan	3,976,000	(115,967)	3,860,033	1,379,320	(2,481,713)	Negotiation	Local Trading Company	No relation
Simplex Drawing Machine	1,275,971	(33,456)	1,242,515	641,026	(601,489)	Negotiation	Local Trading Company	No relation
Blow Room Transport Fan	875,000	(25,521)	849,479	111,965	(737,514)	Negotiation	Local Trading Company	No relation
Cord Machine	3,976,000	(115,967)	3,860,033	1,379,320	(2,481,713)	Negotiation	Local Trading Company	No relation
Cord Machine	2,126,000	(62,008)	2,063,992	858,751	(1,205,241)	Negotiation	Local Trading Company	No relation
Auto Cone Mach Model 1985 Uster A- 2	510,000	(2,125)	507,875	546,219	38,344	Negotiation	Aneis Traders	No relation
Auto Cone Machine (Comline) J-A-2 Uster Model	510,000	(6,375)	503,625	567,227	63,602	Negotiation	Aneis Traders	No relation
Murata Mach Corner	600,500	(17,603)	582,898	512,821	(70,077)	Negotiation	Local Trading Company	No relation
Murata Mach Corner	600,500	(17,603)	582,898	512,821	(70,077)	Negotiation	Local Trading Company	No relation
Blow Room Scotcher	854,500	(24,923)	829,577	341,000	(487,697)	Negotiation	Local Trading Company	No relation
Blow Room-Bale Breaker 1000 Mm (Thrauschie)	855,000	(24,928)	830,072	641,025	(189,037)	Negotiation	Local Trading Company	No relation

15.8 Capital Work in Progress

	2019	2018
	Rupees	Rupees
Plant and machinery		
Opening balance	-	75,158,342.00
Additions during the year	452,958,607	33,081,146
Transferred to plant and machinery	-	(108,239,488)
	<u>452,958,607</u>	<u>-</u>

Note 16

Long Term Investment

	2019	2018
	Rupees	Rupees
Associates - Unquoted		
Sargodha Jute Mills Limited: 8,120,000 (2018: 8,120,000) fully paid ordinary shares of Rs. 10 each Equity held 24.94% (2018: 24.94%) Cost of investment Rs. 65,600,000 (2018: Rs. 65,600,000)		
- Opening balance	389,984,319	370,634,687
- Share in net profit for the year of associate	21,784,692	40,087,570
- Share in incremental depreciation on revalued property, plant and equipment of associate - net of deferred tax of associate	3,930,924	3,926,406
- Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings - net of deferred tax of associate	-	816,468
- Share in deficit on investments through OCI	(5,118,550)	(7,199,126)
- Share in remeasurement of staff retirement benefits liability	(1,124,227)	(2,041,686)
- Less: Dividend received	-	(16,240,000)
- Adjustment on account of impairment	(39,346,787)	-
	<u>370,110,371</u>	<u>389,984,319</u>

16.1 The investment in associated company has been made in accordance with the requirements of the Companies Act, 2017.

16.2 The Company holds 24.94% (2018: 24.94%) shareholding in Sargodha Jute Mills Limited (the associate) and accounts for this investment under equity method as prescribed in IAS 28 (Investments in Associates). Information extracted from the audited financial statements of the associate is as follows:

	2019	2018
	Rupees in thousand (Restated)	
Equity	1,484,003,093	1,420,544,108
Total assets	3,230,264,250	3,616,266,385
Revenue	3,060,583,731	3,803,419,627
Net profit for the year	87,348,405	114,538,222

Note 17

Long Term Deposits

	2019	2018
	Rupees	Rupees
Deposit with LESCO	1,597,430	11,951,410
Others	2,250,018	2,118,959
	<u>3,847,448</u>	<u>14,070,369</u>

Note 18

Stores and Spares

		2019	2018
	Note	Rupees	Rupees
Stores and spares	18.1	<u>93,963,849</u>	<u>59,204,042</u>

18.1 This includes stores in transit amounting to Rs. 20.55 million (2018: Rs. 1.067 million) as at the balance sheet date.

Note 19

Stock in Trade

	2019	2018
	Rupees	Rupees
Raw materials	400,021,567	553,612,147
Stock in transit	46,516,969	-
Work in process	31,904,689	37,450,722
Finished goods	33,926,823	65,590,269
	<u>512,370,148</u>	<u>656,653,138</u>

19.1 Stocks amounting to Rs. 214,222 million (2018: Rs. 413,481 million) approximately are pledged against short term borrowings.

Note 20

Trade Debts

	Note	2019	2018
		Rupees	Rupees
Local debts (Unsecured - considered good)		74,057,618	71,943,496
Foreign debts (Secured - considered good)	20.1	-	31,182,860
Less: Allowance for doubtful debts		(729,316)	-
		<u>73,328,302</u>	<u>103,126,356</u>

20.1 There is Rs: Nil (2018: Rs. 198,286) outstanding receivable from related party i.e. Sargodha Jute Mills Limited as at the reporting date. The maximum aggregate amount due from related party at the end of any month during the year was Rs. 82,661 (2018: Rs. 70,918)

Note 21

Advances, Trade Deposits, Prepayments and Other Receivables

	Note	2019	2018
		Rupees	Rupees
Advances (Unsecured - considered good):			
- Employees	21.1	1,136,136	747,539
- Suppliers and others		42,323,788	36,487,677
Income tax deducted at source / Advance tax		68,460,900	32,307,246
Margins with banks against:			
- Letters of credit		1,563,753	1,641,893
- Letters of guarantee		7,042,811	7,042,811
Prepayments		2,680,597	672,346
Duty draw back on export		25,861,608	41,075,411
Insurance claims receivable		1,387,504	2,274,437
Other receivables		242,212	215,908
		<u>150,699,301</u>	<u>122,365,318</u>

21.1 Amount due from chief executive, directors and executives as at the balance sheet date was Nil (2018: Nil)

Note 22

Short Term Investments

	Note	2019	2018
		Rupees	Rupees
Investment in quoted shares - at fair value through profit or loss	22.1	1,719,575	1,180,565
Investment in mutual funds - at amortized cost	22.2	18,378,724	7,250,405
Investment in term deposit receipts (TDR) - at amortized cost	22.3	2,007,989	-
Sales tax refund bonds - at amortized cost	22.4	25,410,000	-
		<u>47,516,288</u>	<u>8,440,970</u>

22.1 Investments are measured at fair value through profit or loss in accordance with IFRS - 9 (Financial Instruments). The quoted market value in an active market is considered as the fair value of investment. The resulting difference between cost and fair value of investment is taken to the profit or loss.

22.2 Investments are made in Islamic hybrid funds 2-JSICFAP-2 and JSICFAP-4 on which lien is marked by the JS bank, against which guarantee has been issued by JS bank on behalf of company to LESCO and Excise & Taxation department.

22.3 Investments are made in TDR on which lien is marked by JS bank, against which guarantee has been issued by JS bank on behalf of Company to Excise and Taxation department.

22.4 During the year, the Company applied for sales tax refund amounting to Rs. 25,200,000 against which refund of Rs. 25,200,000 was received through Central Depository Company of Pakistan Limited (CDC) in the form of Government Bonds, carrying markup @ 10% having maturity after three years. The bonds are freely transferable within Central Depository System (CDS). These can be sold / transferable to another bank, person or entity at any time.

Note 23

Tax Refunds Due from the Government

	2019	2018
	Rupees	Rupees
Sales tax	50,405,443	24,758,382
Income tax	14,551,533	39,294,829
	<u>64,956,976</u>	<u>64,053,211</u>

Note 24

Cash and Bank Balances

	2019	2018
	Rupees	Rupees
Cash in hand	537,362	752,276
Cash at banks - Current accounts	90,040,237	104,042,134
	<u>90,577,599</u>	<u>104,794,410</u>

Note 25

Sales - Net

	2019	2018
	Rupees	Rupees
Yarn sales		
- Local	5,127,643,945	4,298,068,899
- Export	935,370,413	1,113,894,007
Waste sales	42,215,424	43,478,717
Duty draw back	-	43,040,587
	<u>6,105,229,782</u>	<u>5,498,502,210</u>
Commission to selling agents	(33,738,076)	(28,620,749)
Sales tax	-	(5,603,596)
	<u>(33,738,076)</u>	<u>(34,224,345)</u>
	<u>6,071,491,706</u>	<u>5,464,277,865</u>

Note 26

Cost of Sales

	2019	2018
	Rupees	Rupees
Raw materials consumed	4,135,870,616	3,663,384,065
Stores and spares consumed	100,123,875	105,147,816
Packing materials consumed	106,070,773	138,731,680
Salaries, wages and other benefits	497,268,877	525,456,187
Fuel and power	574,402,550	651,380,704
Insurance	8,138,271	8,280,303
Repairs and maintenance	13,949,311	10,880,748
Other manufacturing expenses	10,441,083	9,958,008
Depreciation	95,837,383	98,081,777
	<u>5,542,122,739</u>	<u>5,211,301,288</u>
Opening work in process	37,450,722	33,323,636
Closing work in process	(31,904,689)	(37,450,722)
	<u>5,546,033</u>	<u>(4,127,086)</u>
Cost of goods manufactured:	<u>5,547,668,772</u>	<u>5,207,174,202</u>
- Opening finished goods	65,590,269	55,108,377
- Closing finished goods	(33,936,923)	(65,590,269)
	<u>31,653,346</u>	<u>(10,481,892)</u>
	<u>5,579,322,118</u>	<u>5,196,692,310</u>

26.1 This includes Rs. 29.48 million (2018: Rs. 29.50 million) in respect of staff retirement benefits.

Note 27

Selling and Distribution Costs

	2019	2018
	Rupees	Rupees
Freight and octroi	5,964,850	8,503,130
Export sale expenses	15,552,077	17,299,118
	<u>21,516,927</u>	<u>25,802,248</u>

Note 28

Administrative Expenses

		2019	2018
	Note	Rupees	Rupees
Salaries, wages and other benefits	28.1	84,315,559	79,891,874
Printing and stationery		1,077,661	684,934
Communication		1,688,399	1,293,741
Travelling and conveyance		1,978,852	585,045
Repairs and maintenance		3,902,523	1,175,196
Vehicles' running and maintenance		9,353,785	7,232,743
Rent, rates and taxes		6,786,923	6,061,651
Insurance		2,536,247	2,220,217
Legal and professional charges		2,865,266	1,540,665
Fees and subscription		3,724,628	2,427,483
Utilities		10,008,202	10,169,632
Entertainment		4,076,299	4,846,935
Advertisement		593,080	397,557
Miscellaneous		1,138,201	620,533
Depreciation	15.4	10,430,235	11,128,532
		<u>144,475,880</u>	<u>130,276,738</u>

28.1 This includes Rs. 6.940 million (2018: Rs. 5.098 million) in respect of staff retirement benefits.

Note 29

Finance Cost

		2019	2018
		Rupees	Rupees
Interest / mark-up on:			
- Short term borrowings		41,633,334	39,133,199
- Long term loans		5,705,181	5,918,936
		<u>47,338,515</u>	<u>45,052,135</u>
Bank charges and commission		8,963,249	7,032,217
Commission on bank guarantees		1,690,796	1,016,013
Interest on workers' (profit) participation fund		199,515	-
		<u>58,192,075</u>	<u>53,100,365</u>

Note 30

Other Operating Expenses

		2019	2018
	Note	Rupees	Rupees
Auditors' remuneration			
- Statutory audit		1,030,000	862,500
- Limited scope review		100,000	100,000
- Other attestation services		50,000	50,000
		<u>1,180,000</u>	<u>1,012,500</u>
Loss on disposal of property, plant and equipment - Net		24,547,877	6,449,085
Provision for workers' (profit) participation fund		9,927,366	2,529,053
Provision for workers' welfare fund		3,937,419	18,820,314
Allowance for doubtful debts		729,316	-
Provision for further sales tax		30,146,446	12,942,250
Impairment of investment in associate	16	39,346,787	-
		<u>109,815,211</u>	<u>41,753,202</u>

Note 31

Other Income

		2019	2018
	Note	Rupees	Rupees
Exchange gain		1,462,621	429,345
Profit on sale of raw material		4,886,026	891,000
Gain on revaluation of short term investments at fair value through profit or loss		1,550,246	365,455
Reversal of further sales tax	31.1	-	42,168,181
Profit on term deposit receipts and sales tax refund bonds		249,945	108,699
Others	31.2	480,000	480,000
		<u>8,648,838</u>	<u>44,442,680</u>

Note 34

Reconciliation of Liabilities arising from Financing Activities

	As at June 30, 2018	Non-cash changes	Cash flows	As at June 30, 2019
	Rupees			
Long term financing	58,036,100	-	265,834,600	323,870,700
Short term borrowings	488,605,485	-	(203,310,525)	285,294,960
Total liabilities from financing activities	546,641,585	-	62,524,075	609,165,660

Note 35

Earnings per Share - Basic and Diluted

		2019 Rupees	2018 Rupees
Basic earning per share is based on			
Net profit for the year attributable to ordinary shareholders	Rupees	130,726,115	72,199,581
Weighted average number of ordinary shares outstanding during the year	Number	17,971,372	17,971,372
Earnings per share - Basic	Rupees	<u>7.27</u>	<u>4.02</u>

35.1 Diluted Earnings per Share

There is no dilutive effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

Note 36

Balances and Transactions with Related Parties

The related parties comprise associated companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant balances and transactions with related parties are as follows:

Transactions during the year

Related party	Relationship	Shareholding	Nature of Transaction	2019 Rupees	2018 Rupees
Sargodha Jute Mills Limited	Associate	24.94%	Dividends income received	-	16,240,000
			Rent received from leasehold land	480,000	480,000
			Purchase of materials, goods and services	406,765	367,560
			Sale of materials, goods and services	362,613	313,144
			Dividends paid	21,090	21,090

Balances outstanding as at June 30,

Sargodha Jute Mills Limited (note 11 & 20)	(13,200)	134,992
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36.1 There were no transactions with key management personnel other than undertaken as per terms of their employment that have been disclosed in Note 37.

36.2 Sale and purchase transactions have been carried out on commercial terms and conditions under comparable uncontrolled price method.

- 39.1** Reasons attributable to under utilization of optimal production capacity are mainly due to various factors such as spindles' speed, twist, maintenance of machinery, power shutdown, etc.
- 39.2** During the year Company has disposed off plant and machinery of unit # 3 comprised of 14,232 spindles alongwith related machinery.

Note 40

Financial Risk Management

40.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. As at the reporting date, the Company's exposure to currency risk was as follows:

	2019	2018
	Rupees in thousand	
Trade debts	-	31,183
Outstanding commitments against letters of credit	(29,360)	(4,610)
Net exposure	<u>(29,360)</u>	<u>26,573</u>

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate during the year reported	142.70	113.10
Reporting date rate	164.00	121.40

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 2.94 million (2018: Rs. 2.66 million) respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. This sensitivity analysis reflects exposure as at reporting date and is unrepresentative of the exposure during the year.

(ii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instrument traded in the market. The Company is exposed to equity and commodity price risk in respect of short term investments carried at market value. Following analysis shows the impact of change in equity and commodity price.

	2019	2018
	Rupees in thousand	
Investment in quoted shares	1,720	1,190
Change in equity prices (%)	1%	1%
Effect on profit or loss (Rupees in thousands)	17.20	11.90

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing asset. The Company's interest rate risk arises from short term borrowings. As the borrowings made at variable rates, these expose the Company to cash flow interest rate risk. As at the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2019	2018
	Rupees in thousand	
Fixed rate instruments		
<i>Financial liabilities</i>		
Long term financing	357,686	98,777
Floating rate instruments		
<i>Financial liabilities</i>		
Short term borrowings	285,295	488,605

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit or loss. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

	2019	2018
Change in interest rates (%)	1%	1%
Effect on profit or loss		
Short term borrowings (Rupees in thousand)	2,853	4,886
Total effect on profit or loss (Rupees in thousand)	2,853	4,886

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2019	2018
	Rupees in thousand	
Long term deposits	3,847	14,070
Trade debts	73,328	103,126
Short term investments	47,416	8,440
Trade deposits and other receivables	34,534	50,609
Bank balances	90,040	104,042

The aging of trade debts as at reporting date is as follows:

	2019	2018
Past due 1 - 30 days	72,232	102,038
Past due 31 - 60 days	67	480
Past due 61 - 90 days	378	252
More than 91 days	651	356
	73,328	103,126

Company exposure relating to credit risk relating to trade debt is disclosed in relevant notes to the financial statement. There are no significant debtors that are past due as at the reporting date.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2019	2018
	Short term	Long term			
	Rupees in thousand				
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	34,630	51,270
MCB Bank Limited	A-1+	AAA	PACRA	23,506	25,402
Habib Bank Limited	A-1+	AAA	JCR-VIS	-	3,256
Allied Bank Limited	A-1+	AAA	PACRA	8,707	9,293
Meezan Bank Limited	A-1+	AA+	JCR-VIS	20,580	11,932
National Bank of Pakistan	A-1+	AAA	PACRA	729	1,560
United Bank Limited	A-1+	AAA	JCR-VIS	112	112
Bank Alfalah Limited	A-1+	AA+	PACRA	1,776	1,217
				90,040	104,042

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages its liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the reporting date, the Company had Rs. 1,865.54 million (2018: 1,532.76 million) worth unavailed short term borrowing limits available (both funded and unfunded) from financial institutions and Rs. 90.58 million (2018: Rs. 104.79 million) cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2019:

	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Year	2-5 Years	More than 5 years
----- Rupees in thousand -----						
Long term financing	357,686	425,747	50,268	71,304	168,041	136,134
Trade and other payables	430,930	430,930	430,930	-	-	-
Unclaimed dividends	163,438	163,438	163,438	-	-	-
Unpaid dividends	199,348	199,348	199,348	-	-	-
Accrued interest	12,126	12,126	12,126	-	-	-
Short term borrowings	285,295	310,116	310,116	-	-	-
	<u>1,448,823</u>	<u>1,541,705</u>	<u>1,166,226</u>	<u>71,304</u>	<u>168,041</u>	<u>136,134</u>

Contractual maturities of financial liabilities as at June 30, 2018:

	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Year	2-5 Years	More than 5 years
----- Rupees in thousand -----						
Long term financing	98,777	105,101	45,158	35,722	24,221	-
Trade and other payables	351,671	351,671	351,671	-	-	-
Unclaimed dividends	163,152	163,152	163,152	-	-	-
Unpaid dividends	199,348	199,348	199,348	-	-	-
Accrued interest	12,450	12,450	12,450	-	-	-
Short term borrowings	488,605	531,114	531,114	-	-	-
	<u>1,314,003</u>	<u>1,362,836</u>	<u>1,302,893</u>	<u>35,722</u>	<u>24,221</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at June 30, 2019. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

(d) Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2019 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non market observable)

40.2 Financial instruments by categories

Financial assets as at June 30, 2019

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
----- Rupees in thousand -----				
Long term deposits	-	3,847	-	3,847
Short term investments	1,720	-	45,697	47,417
Trade debts	-	73,328	-	73,328
Trade deposits and other receivables	-	34,534	-	34,534
Cash and bank balances	-	90,578	-	90,578
	1,720	202,287	45,697	-

Financial assets as at June 30, 2018

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
----- Rupees in thousand -----				
Long term deposits	-	14,070	-	14,070
Short term investments	1,190	-	7,250	8,440
Trade debts	-	103,126	-	103,126
Trade deposits and other receivables	-	50,609	-	50,609
Cash and bank balances	-	104,794	-	104,794
	1,190	272,599	7,250	-

Financial liabilities at amortized cost

	2019	2018
Rupees in thousand		
Long term financing	357,686	98,777
Trade and other payables	430,930	351,671
Unclaimed dividends	163	163
Unpaid dividends	199	199
Accrued mark-up	12,126	12,450
Short term borrowings	285,295	488,605
	1,086,399	951,865

40.3 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 41

Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

As at the reporting date, the gearing ratio of the Company was as under:

	Note	2019	2018
		Rupees in thousand	
Total borrowings	8 & 12	642,981	587,382
Cash and bank balances		(90,578)	(104,794)
Net Debt		552,403	482,588
Equity		2,223,856	2,113,308
Total capital employed		2,776,259	2,595,896
Gearing Ratio		19.90%	18.59%

Note 42

Number of Employees

	2019				
	Permanent		Contractual		Total
	Head office	Mills	Head office	Mills	
Employees as at the year end	32	1,693	6	85	1,816
Average employees during the year	32	1,720	6	86	1,844

	2018				
	Permanent		Contractual		Total
	Head office	Mills	Head office	Mills	
Employees as at the year end	32	2,143	6	140	2,321
Average employees during the year	32	2,096	6	137	2,271

Note 43

Provident Fund Related Disclosures

The Company does not maintain any provident fund for its employees.

Note 44

Authorization of Financial Statements

These financial statements were authorized for issuance on October 05, 2019 by the Board of Directors of the Company.

Note 45

General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No re-arrangements / reclassifications have been made in these financial statements during the year.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

FORM 34

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2019
CUIN (INCORPORATION NUMBER) 0006512

No. of Shareholders	Share Holding		Total Share Held
	From	To	
466	1	100	11,300
223	101	500	53,272
37	501	1,000	25,795
33	1,001	5,000	67,581
1	5,001	10,000	8,900
1	10,001	15,000	14,080
2	15,001	20,000	35,061
1	20,001	25,000	21,090
2	35,001	40,000	76,303
1	105001	110000	106,684
1	265,001	270,000	265,553
1	270,001	275,000	272,374
2	295,001	300,000	600,000
1	430,001	435,000	432,131
2	495,001	500,000	1,000,000
1	76,0001	765,000	760,382
1	1,105,001	1,110,000	1,105,907
1	1,680,001	1,685,000	1,682,217
1	2,495,001	2,500,000	2,500,000
2	4,465,001	4,470,000	8,932,742
780	Total		17,971,372

Categories of Shareholders	Share Held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children	13,140,799	73.12
5.2 Associated Companies, undertakings and related parties	1,021,090	5.68
5.3 NIT and ICP	9,310	0.05
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions,	2,200	0.01
5.5 Insurance Companies	600	0.00
5.6 Modarabas and Mutual Funds	122	0.00
5.7 Share Holding 10% or more	13,875,341	177.21
5.8 General Public		
a. Local	3,791,573	21.10
b. Foreign	-	-
5.9 Others (Securities & Joint Stock Companies)	5,178	0.03

**CATEGORIES OF SHAREHOLDING
INFORMATION REQUIRED AS PER CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2019**

S.#	Particular	Shares Held	Percentage
1)	Associated Companies, Undertakings and Related Parties		
	i) Sargodha Jute Mills Limited	21,090	0.11
	ii) Mrs. Saima Hassan	500,000	2.78
	iii) Sadaf Parvez	500,000	2.78
		<u>1,021,090</u>	<u>5.67</u>
2)	Mutual Funds		
	i) Golden Arrow Selected Stock Fund Limited	<u>122</u>	<u>0.00</u>
3)	Directors, Chief Executive Officer and their Spouse and Minor Children		
	i) Mian Parvez Aslam - Director	2,500,000	13.91
	ii) Mr. Imran Aslam - Chief Executive Officer	4,488,371	24.85
	iii) Mr. Irfan Aslam - Director	4,488,371	24.85
	iv) Mr. Danish Aslam - Director	1,000	0.01
	v) Syed Raza Ali Bokhari - Director	500	0.01
	vi) Dr. Ali Raza Khan - Director	650	0.01
	vii) Mrs. Nazish Imran - Director	300,000	1.66
	viii) Mrs. Sara Irfan - Spouse	300,000	1.66
	ix) Mrs. Fakhra Parvez - Spouse	1,105,907	6.15
		<u>13,140,799</u>	<u>73.11</u>
4)	Executives	<u>500</u>	<u>0.01</u>
5)	Public Sector Companies and Corporations	<u>9,310</u>	<u>0.05</u>
6)	Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds	<u>2,800</u>	<u>0.03</u>
7)	Individuals and Joint Stock Companies	<u>3,796,751</u>	<u>21.13</u>
	TOTAL NUMBER OF SHARES	<u>17,971,372</u>	<u>100.00</u>
8)	Shareholders Holding Five Percent or More Voting Rights		
	Mian Parvez Aslam	2,500,000	13.91
	Mian Shahzad Aslam	2,442,599	13.59
	Mr. Imran Aslam	4,488,371	24.85
	Mr. Irfan Aslam	4,488,371	24.85
	Mrs. Fakhra Parvez	1,105,907	6.15

Detail of Purchase / Sales / Gifts of Shares by Directors/CEO/Company Secretary/CFO and Their Spouses /Minor Children during 2019.

1,000 Shares were purchased by Mr. Danish Aslam

650 Shares were purchased by Dr. Ali Raza Khan

650 Shares were sold by Humayun Bakht Chief Financial Officer

No other trades were carried out by other directors, executives, and their spouses and minor children.

بورڈ آف ڈائریکٹرز کی قدر چائی

سندھ کھیتی کے بورڈ آف کارپوریشن گورننس 2017 کے مطابق بورڈ نے ایک ہیکٹیریم تیار کیا ہے جو ڈائریکٹرز کی قدر چائی اور اگلی کارکردگی کو چیک کرتا ہے۔ سال دروان کے درمیان ایک جامع سال کارپوریشن کیا گیا ہے جو تمام ممبرز کے درمیان بانٹا گیا ہے۔ کہ وہ نقصان اور منجھوں پر اپنی توجہ دے سکیں۔ یہ سال عام درجہ ذیل ہے۔

کارپوریشن کے مقاصد کو پانچ ماہ بنائے اور پانچ ممبرز کی اسٹریٹیجی بنائے اور کروڑوں کی پرقارمنس کو چیک کریں اس پر نظر رکھیں اور بورڈ کی پرقارمنس کو بھی چیک کریں اور یہ جاننے کے کوئی نتیجوں پر بہتری کی کوشش ہے۔

ڈائریکٹرز کی تنخواہ

ڈائریکٹرز کی تنخواہ کی پالیسی (ایگزیکٹو، ایگزیکٹو اور ایگزیکٹو) ایگزیکٹو اور ایگزیکٹو کے مطابق ہے جو ان کے کام کے مطابق ہے ایگزیکٹو ڈائریکٹرز کی تنخواہ کی منظوری بورڈ آف ڈائریکٹرز کا ہے۔ کوئی ڈائریکٹرز اپنی تنخواہ مسترد نہیں کر سکتا یہ پالیسی 18-2017 کے بورڈ کے مطابق ہے کھیتی ہاں ایگزیکٹو ڈائریکٹرز اور ایگزیکٹو ڈائریکٹرز کوئی معاوضہ نہیں دیتی صرف بینک انٹرنیٹ کرنے کی پالیسی دیتی ہے۔

محاسب کا تقرر

محاسب مسٹر بارہ رتھ سین چوہدری ایڈ کھیتی، چارڈ ڈاکٹر پھنس اور چارڈ ہو جائیں گے اور اگلے سال کے لئے کھیتی کے محاسب کے طور پر تقرر کیے گئے ہیں اور بورڈ نے کھیتی کے آئندہ سال کا اجلاس عام میں ممبران کی نظر رانی کے لئے ان کی اور بارہ رتھ سین کی تہا ہے۔

حاکم شہیر ہولڈرز

عام 34 آف 30 جن 2019 میں آف شہیر ہولڈرز یہاں شملک کر دیا گیا ہے۔

مالی سال کی تکمیل کے بعد کے واقعات

کوئی بھی ایسا واقعہ نہیں ہے کہ مالی سال کے بعد ہی کر کے وقوع پزیر نہیں ہوا

اعتراف

میں اس موقع کی مناسبت سے ان تمام حضرات کا دل سے مشکور ہوں جنہوں نے کھیتی کی ترقی میں خاطر خواہ کردار ادا کیا ہے۔ میں سب سے پہلے اپنے سٹریٹنگ ممبرز اور انہوں نے کھیتی چاہنا اعتماد کا بر کیا ہے۔ میں مالیاتی اداروں، حصاروں، مخلص آفرین، کھیتی کارکنان کا بھی مشکور ہوں جنہوں نے کھیتی کی بہترین پیسہ اور میں بندھ چکے کہ حصار کیا اور کھیتی میں سکون حاصل بنائے رکھا ہے۔ اور سیدہ اسحق ہے کہ مشنل میں بھی بیکر چاہی جا رہی ہے۔ کھیتی اسی رفتار سے ترقی کی راہوں کا حوزہ رہے گی۔

برائے اور شکرم بورڈ

جناب عرفان اسلم
ڈائریکٹر

جناب عمران اسلم
چیف ایگزیکٹو آفیسر

لاہور، سوموار، 05 اکتوبر 2019

بورڈ آف ڈائریکٹرز کی میٹنگ

تعداد حاضر	نام ڈائریکٹرز
09	میاں پروچ اسلم
10	عمران اسلم
07	عرقان اسلم
11	سید رضاعلی بخاری
02	تاریخ بنت (مستعمل) 25-10-2018
08	احسن احمد خان (رہنما) 01-04-2019
08	مقصود شاہ جی (رہنما) 25-10-2018
08	دانش اسلم (رہنما) 25-10-2018
03	رضاعلی خان (مخرب) 01-04-2019
02	نازش عمران (مخرب) 01-04-2019

آؤٹ کمیٹی

بورڈ نے آؤٹ کمیٹی تشکیل دی ہے جو حسب ذیل ڈائریکٹرز پر مشتمل ہے۔

چیرمین	سید رضاعلی بخاری (اٹارنی پیٹرنل ڈائریکٹر)
ممبر	میاں پروچ اسلم (ٹران ایگزیکٹو ڈائریکٹر)
ممبر	عرقان اسلم (ٹران ایگزیکٹو ڈائریکٹر)
ممبر	مقصود شاہ جی (ٹران ایگزیکٹو ڈائریکٹر)

آؤٹ کمیٹی مندرجہ ذیل امور اور ذمہ داریوں کو سنبھالنے کے لیے مقرر کیا گیا ہے۔ کمیٹی امدادی سہولت سسٹم کے بہتر کارکردگی کے لیے اصلاحی اقدامات بھی تجویز کرتی ہے۔
ذمہ داریوں کے دوران 2018 سے تا 30 جون 2019 تک آؤٹ کمیٹی کے ساتھ (7) افراد مقرر ہوئے آؤٹ کمیٹی کی حاضری درج ذیل ہے۔

تعداد حاضر	نام رکن
7	سید رضاعلی بخاری
4	میاں پروچ اسلم
7	میاں عرقان اسلم
3	مقصود شاہ جی

جوین ریسورس اور معاوضہ (HR & R) کمیٹی

کارپوریٹ گورننس کے ضابطہ اخلاق کے مطابق، بورڈ آف ڈائریکٹرز نے جوین ریسورس اور معاوضہ (HR & R) کمیٹی تشکیل دی ہے جو درج ذیل نامی رکن ارکان پر مشتمل ہے۔ جوین ریسورس اور معاوضہ (HR & R) کمیٹی جوین ریسورس اور معاوضہ کے علاوہ جوین ریسورس اور معاوضہ (HR & R) کمیٹی اس بات کو یقینی بنانے کے لیے کہ کمیٹی کی جوین ریسورس پالیسیاں اس کے حقوق کا روادار کے ساتھ ہونا بطور پبلسک میں کی شخصیات اور مفادات کی قربانی نہ کرے گی۔

تعداد حاضر	ممبر	نام کمیٹی
02	چیرمین	سید رضاعلی
02	رکن	میاں عرقان اسلم
02	رکن	احسن احمد خان

Note 15

Property, Plant and Equipment

	Note	2019	2018
		Rupees	Rupees
Operating fixed assets	15.1	1,799,664,029	1,907,740,469
Capital work in progress	15.8	452,958,607	-
		<u>2,252,622,636</u>	<u>1,907,740,469</u>

15.1 Operating fixed assets**Year ended June 30, 2019**

Description	Cost / Revalued Amounts			Rate	Depreciation			Book Value as at June 30, 2019
	As at June 30, 2018	Additions	Disposals		Total as at June 30, 2019	Up to June 30, 2018	For the year	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Owned				%				
Land - freehold	555,380,000	2,270,000	-	-	-	-	-	557,650,000
Buildings on freehold land	304,336,989	1,982,750	-	5	-	15,310,725	-	291,069,014
Plant and machinery	782,894,644	7,937,355	(58,004,970)	5	-	38,202,975	(1,595,313)	696,219,367
Power house	201,000,000	-	-	20	-	40,200,001	-	160,799,999
Solar panel equipment	-	26,639,188	-	10	-	221,993	-	26,417,195
Furniture and fixtures	5,867,172	-	-	10	5,423,400	44,376	-	399,396
Vehicles	100,164,367	15,161,475	(7,181,510)	20	54,982,120	10,118,525	(4,021,215)	61,079,430
Electric installations	46,855,357	193,500	-	10	29,053,813	1,781,766	-	30,835,579
Computers and equipment	3,553,114	3,593,648	(58,000)	20	3,069,604	376,221	(41,214)	3,404,611
Arms and ammunition	410,775	-	-	7	253,112	11,036	-	264,148
Total as at June 30, 2019	2,000,522,518	57,777,916	(65,244,480)		92,782,049	106,267,618	(5,657,742)	1,993,391,925
								1,799,664,029

15.2 Operating fixed assets
Year ended June 30, 2018

Description	Cost / Revalued Amounts			Rate %	Depreciation			Book Value as at June 30, 2018
	As at June 30, 2017	Additions / (Disposals)	Revaluation Adjustment		Up to June 30, 2017	For the year	Revaluation Adjustment	
	Ruppes	Ruppes	Ruppes		Ruppes	Ruppes	Ruppes	Ruppes
Owned								
Land - freehold	244,418,000	-	310,962,000	-	-	-	-	555,380,000
Buildings on freehold land	313,516,500	-	21,355,595 (30,475,106)	5	15,578,190	14,896,916	(30,475,106)	304,396,989
Plant and machinery	890,078,289	3,565,999 (18,042,080)	(7,799,588) (84,938,056)	5	44,398,557	42,092,599 (1,553,010)	(84,938,056)	782,894,644
Power house	165,940,271	181,566,699 (21,660,080)	2,642,032 (47,188,902)	20	12,599,169	39,443,066 (4,853,335)	(47,188,902)	201,000,000
Furniture and fixtures	5,867,172	-	-	10	5,374,092	49,308	-	443,772
Vehicles	100,210,225	7,579,080 (7,624,938)	-	20	48,362,594	10,946,454 (4,316,838)	54,992,170	45,182,247
Electric installations	43,628,477	3,276,880	-	10	27,404,526	1,648,287	29,052,813	17,801,544
Computers and equipment	3,553,214	-	-	20	2,948,700	120,994	3,069,694	483,610
Arms and ammunition	410,775	-	-	7	241,246	11,866	253,112	157,663
Total as at June 30, 2018	1,766,722,923	115,818,568 (46,666,938)	327,250,029 (162,602,064)		156,896,984	109,210,310 (10,723,181)	92,782,049 (162,602,064)	1,907,740,469
	1,766,722,923	69,151,630	164,647,965		156,896,984	98,487,129	92,782,049	1,907,740,469

15.3 Had there been no revaluation, the cost, accumulated depreciation and book values of revalued assets would have been as follows.

As on June 30, 2019		
Cost	Accumulated Depreciation	Book Value
2,071,830	-	2,071,830
219,079,976	110,996,338	108,083,638
1,147,998,310	531,841,412	616,156,898
329,966,375	168,801,272	161,165,103
1,695,716,491	811,639,022	884,077,469

15.4 Depreciation charge for the year has been allocated as under:

	2019	2018
	Rspees	Rspees
Cost of sales	95,837,383	98,081,777
Administrative expenses	10,430,275	11,128,532
	<u>106,267,658</u>	<u>109,210,309</u>

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

Location / Address	Usage of Immovable Property	Total Area	Covered Area (In sq. Ft.)
34th Km, Lahore Sheikhupura Road, Sheikhupura	Manufacturing facility Unit 1, 2, 4	104 Kanals and 3 Marlas	433,347
7-Km Sheikhupura Faisalabad Road, Khanmawla	Manufacturing facility Unit 2	123 Kanals and 18 Marlas	250,184
Office No. 703, 7th Floor, Tricon corporate center, Lahore	Company office		5,158

15.6 Forced sales value of freehold land, building, plant and machinery and power house is Rs. 472,073,000, Rs. 258,737,461, Rs. 665,460,447 and Rs. 170,850,000 respectively as per the latest revaluation which was carried out on June 30, 2018.

15.7 Detail of items of property, plant and equipment having book value exceeding Rs. 500,000 sold during the year

Particulars	Cost / Revalued amount	Accumulated depreciation	Book value	Disposal proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers	Relationship
Vehicles								
HONDA CHEV VTI 1799 CC	2,503,850	(1,206,761)	997,089	1,400,000	402,911	Negotiation	Al-Fatih Enterprises	No relation
HONDA CHEV 1799 CC	2,721,510	(1,002,725)	1,718,785	2,200,000	481,215	Negotiation	Muhammad Shauq	No relation
Plant and machinery								
Simplex Machine P-6 Model 1978	1,350,000	(5,625)	1,344,375	1,240,505	(83,870)	Negotiation	Zee Square	No relation
Simplex Mach P-6 Model 1978	1,250,000	(11,250)	1,238,750	1,240,504	(78,246)	Negotiation	Zee Square	No relation
Toyoda P-1099 Spindle Pk-1500 Japan	2,704,000	(78,967)	2,625,033	1,897,436	(727,597)	Negotiation	Local Trading Company	No relation
Ring Machine And Drafting	4,100,000	(119,583)	3,980,417	1,835,709	(2,144,708)	Negotiation	Local Trading Company	No relation
Drawing Machine	1,807,000	(53,288)	1,753,712	749,230	(1,004,482)	Negotiation	Local Trading Company	No relation
Drafting System P-16 95	1,000,000	(28,167)	971,833	512,821	(458,012)	Negotiation	Local Trading Company	No relation
Scutcher Ring Machine	2,750,000	(80,268)	2,669,732	981,957	(1,687,775)	Negotiation	Local Trading Company	No relation
Ring Machine R.Y Toyoda Pk-225	1,900,000	(55,417)	1,844,583	853,752	(990,831)	Negotiation	Local Trading Company	No relation
Ring Machine Sd Drafting Pk	1,900,000	(55,417)	1,844,583	853,752	(990,831)	Negotiation	Local Trading Company	No relation
Ring Machine	1,900,000	(55,417)	1,844,583	853,752	(990,831)	Negotiation	Local Trading Company	No relation
Ring Machine	1,900,000	(55,417)	1,844,583	853,752	(990,831)	Negotiation	Local Trading Company	No relation
Ring Machine Sd Drafting Pk-225	1,900,000	(55,417)	1,844,583	853,752	(990,831)	Negotiation	Local Trading Company	No relation
Ring Machine And Drafting Pk-225	1,900,000	(55,417)	1,844,583	853,752	(990,831)	Negotiation	Local Trading Company	No relation
Ring Machine Drafting Pk-225	2,850,000	(83,125)	2,766,875	1,240,428	(1,486,247)	Negotiation	Local Trading Company	No relation
Simplex Machine	3,089,999	(86,125)	2,999,874	1,679,400	(1,320,384)	Negotiation	Local Trading Company	No relation
Ring Machine Drafting Pk-225	1,900,000	(55,417)	1,844,583	853,740	(990,843)	Negotiation	Local Trading Company	No relation
Ring Machine Drafting Pk-225	1,900,000	(55,417)	1,844,583	853,754	(990,829)	Negotiation	Local Trading Company	No relation
Simplex Machin Pk 16 95 Spindeldrafting System	1,000,000	(28,167)	971,833	512,821	(458,012)	Negotiation	Local Trading Company	No relation
Toyoda Ck-7C Japan	3,976,000	(113,967)	3,862,033	1,378,320	(2,483,713)	Negotiation	Local Trading Company	No relation
Simplex Drawing Machine	1,275,971	(33,456)	1,242,515	641,026	(601,489)	Negotiation	Local Trading Company	No relation
Blow Room Transport Fan	875,000	(25,521)	849,479	811,965	(37,514)	Negotiation	Local Trading Company	No relation
Cool Machine	3,976,000	(113,967)	3,862,033	1,378,320	(2,483,713)	Negotiation	Local Trading Company	No relation
Cool Machine	2,126,000	(62,008)	2,063,992	858,751	(1,205,241)	Negotiation	Local Trading Company	No relation
Auto Cone Mach Model 1985 Uster A- 2	510,000	(2,125)	507,875	546,219	38,344	Negotiation	Awais Traders	No relation
Auto Cone Machine (Canilover) A-2 Uster Model	510,000	(6,375)	503,625	547,277	43,652	Negotiation	Awais Traders	No relation
Murla Mach Coner	603,500	(17,602)	585,898	512,821	(73,077)	Negotiation	Local Trading Company	No relation
Murla Mach Coner	603,500	(17,602)	585,898	512,821	(73,077)	Negotiation	Local Trading Company	No relation
Blow Room Scutcher	854,500	(24,923)	829,577	342,880	(486,697)	Negotiation	Local Trading Company	No relation
Blow Room-Role Breaker 1000 Min (Tructosilar)	855,000	(24,928)	830,072	641,025	(189,047)	Negotiation	Local Trading Company	No relation

15.8 Capital Work in Progress

	2019	2018
	Rupees	Rupees
Plant and machinery		
Opening balance	-	75,158,342.00
Additions during the year	452,958,607	33,081,146
Transferred to plant and machinery	-	(108,239,488)
	<u>452,958,607</u>	<u>-</u>

Note 16

Long Term Investment

	2019	2018
	Rupees	Rupees
Associates - Unquoted		
Sargodha Jute Mills Limited: 8,120,000 (2018: 8,120,000) fully paid ordinary shares of Rs. 10 each Equity held 24.94% (2018: 24.94%) Cost of investment Rs. 65,600,000 (2018: Rs. 65,600,000)		
- Opening balance	389,984,319	370,634,687
- Share in net profit for the year of associate	21,784,692	40,087,570
- Share in incremental depreciation on revalued property, plant and equipment of associate - net of deferred tax of associate	3,930,924	3,926,406
- Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings - net of deferred tax of associate	-	816,468
- Share in deficit on investments through OCI	(5,118,550)	(7,199,126)
- Share in remeasurement of staff retirement benefits liability	(1,124,227)	(2,041,686)
- Less: Dividend received	-	(16,240,000)
- Adjustment on account of impairment	(39,346,787)	-
	<u>370,110,371</u>	<u>389,984,319</u>

16.1 The investment in associated company has been made in accordance with the requirements of the Companies Act, 2017.

16.2 The Company holds 24.94% (2018: 24.94%) shareholding in Sargodha Jute Mills Limited (the associate) and accounts for this investment under equity method as prescribed in IAS 28 (Investments in Associates). Information extracted from the audited financial statements of the associate is as follows:

	2019	2018
	Rupees in thousand (Restated)	
Equity	1,484,003,093	1,420,544,108
Total assets	3,230,264,250	3,616,266,385
Revenue	3,060,583,731	3,803,419,627
Net profit for the year	87,348,405	114,538,222

Note 17

Long Term Deposits

	2019	2018
	Rupees	Rupees
Deposit with LESCO	1,997,430	11,991,410
Others	2,250,018	2,118,999
	<u>3,847,448</u>	<u>14,070,369</u>

Note 18

Stores and Spares

		2019	2018
	Note	Rupees	Rupees
Stores and spares	18.1	<u>93,983,849</u>	<u>59,294,042</u>

18.1 This includes stores in transit amounting to Rs. 20.55 million (2018: Rs. 1.067 million) as at the balance sheet date.

Note 19

Stock in Trade

	2019	2018
	Rupees	Rupees
Raw materials	400,021,567	553,612,147
Stock in transit	46,516,969	-
Work in process	31,904,689	37,450,722
Finished goods	33,926,923	65,990,269
	<u>512,370,148</u>	<u>656,653,138</u>

19.1 Stocks amounting to Rs. 214,222 million (2018: Rs. 413,481 million) approximately are pledged against short term borrowings.

Note 20

Trade Debts

	Note	2019	2018
		Rupees	Rupees
Local debts (Unsecured - considered good)		74,057,618	71,943,496
Foreign debts (Secured - considered good)	20.1	-	31,182,860
Less: Allowance for doubtful debts		(729,316)	-
		<u>73,328,302</u>	<u>103,126,356</u>

20.1 There is Rs. Nil (2018: Rs. 198,286) outstanding receivable from related party i.e. Sargodha Jute Mills Limited as at the reporting date. The maximum aggregate amount due from related party at the end of any month during the year was Rs. 82,661 (2018: Rs. 70,918)

Note 21

Advances, Trade Deposits, Prepayments and Other Receivables

	Note	2019	2018
		Rupees	Rupees
Advances (Unsecured - considered good):			
- Employees	21.1	1,136,136	747,559
- Suppliers and others		42,323,788	36,487,677
Income tax deducted at source / Advance tax		68,460,900	32,207,246
Margins with banks against:			
- Letters of credit		1,563,753	1,641,893
- Letters of guarantee		7,042,811	7,042,811
Prepayments		2,680,597	672,346
Duty draw back on export		25,861,608	41,075,441
Insurance claims receivable		1,387,594	2,274,437
Other receivables		742,212	215,908
		<u>150,899,309</u>	<u>122,355,318</u>

21.1 Amount due from chief executive, directors and executives as at the balance sheet date was Nil (2018: -)

Note 22

Short Term Investments

	Note	2019	2018
		Rupees	Rupees
Investment in quoted shares - at fair value through profit or loss	22.1	1,719,575	1,189,565
Investment in mutual funds - at amortized cost	22.2	18,278,734	7,250,485
Investment in term deposit receipts (TDR) - at amortized cost	22.3	2,007,989	-
Sales tax refund bonds - at amortized cost	22.4	25,410,000	-
		<u>47,416,388</u>	<u>8,440,050</u>

22.1 Investments are measured at fair value through profit or loss in accordance with IFRS - 9 (Financial Instruments). The quoted market value in an active market is considered as the fair value of investment. The resulting difference between cost and fair value of investment is taken to the profit or loss.

22.2 Investments are made in Islamic hybrid funds 2-JSICRAP-2 and JSICPAP-4 on which lien is marked by the JS bank, against which guarantee has been issued by JS bank on behalf of company to LESCO and Excise & Taxation department.

22.3 Investments are made in TDR on which lien is marked by JS bank, against which guarantee has been issued by JS bank on behalf of Company to Excise and Taxation department.

22.4 During the year, the Company applied for sales tax refund amounting to Rs. 25,200,000 against which refund of Rs. 25,200,000 was received through Central Depository Company of Pakistan Limited (CDC) in the form of Government Bonds, carrying markup @ 10% having maturity after three years. The bonds are freely transferable within Central Depository System (CDS). These can be sold / transferable to another bank, person or entity at any time.

Note 23

Tax Refunds Due from the Government

	2019	2018
	Rupees	Rupees
Sales tax	50,405,443	24,758,382
Income tax	14,551,533	39,294,829
	<u>64,956,976</u>	<u>64,053,211</u>

Note 24

Cash and Bank Balances

	2019	2018
	Rupees	Rupees
Cash in hand	537,362	752,276
Cash at banks - Current accounts	90,040,237	104,042,134
	<u>90,577,599</u>	<u>104,794,410</u>

Note 25

Sales - Net

	2019	2018
	Rupees	Rupees
Yarn sales		
- Local	5,127,643,945	4,298,088,899
- Export	935,370,413	1,113,894,007
Waste sales	42,215,424	43,478,717
Duty draw back	-	43,040,587
	<u>6,105,229,782</u>	<u>5,498,502,210</u>
Commission to selling agents	(33,738,076)	(28,620,749)
Sales tax	-	(5,603,596)
	<u>(33,738,076)</u>	<u>(34,224,345)</u>
	<u>6,071,491,706</u>	<u>5,464,277,865</u>

Note 26

Cost of Sales

	Note	2019	2018
		Rupees	Rupees
Raw materials consumed		4,135,870,616	3,663,384,065
Stores and spares consumed		100,123,875	105,147,816
Packing materials consumed		106,070,773	138,731,680
Salaries, wages and other benefits	26.1	497,288,877	525,456,187
Fuel and power		574,402,550	651,380,704
Insurance		8,138,271	8,280,303
Repairs and maintenance		13,949,311	10,880,748
Other manufacturing expenses		10,441,083	9,958,008
Depreciation	15.4	95,837,383	98,081,777
		<u>5,542,122,739</u>	<u>5,211,301,288</u>
Opening work in process		37,450,722	33,323,636
Closing work in process		(31,904,689)	(37,450,722)
		<u>5,546,033</u>	<u>(4,127,086)</u>
Cost of goods manufactured:		<u>5,547,668,772</u>	<u>5,207,174,202</u>
- Opening finished goods		65,590,269	55,108,377
- Closing finished goods		(33,926,923)	(65,590,269)
		<u>31,663,346</u>	<u>(10,481,892)</u>
		<u>5,579,332,118</u>	<u>5,196,692,310</u>

26.1 This includes Rs. 29.48 million (2018: Rs. 29.50 million) in respect of staff retirement benefits.

Note 27

Selling and Distribution Costs

	2019	2018
	Rupees	Rupees
Freight and octroi	5,964,850	8,503,130
Export sale expenses	15,552,077	17,299,118
	<u>21,516,927</u>	<u>25,802,248</u>

Note 28

Administrative Expenses

		2019	2018
	Note	Rupees	Rupees
Salaries, wages and other benefits	28.1	84,315,559	79,891,874
Printing and stationery		1,077,661	684,934
Communication		1,688,399	1,293,741
Travelling and conveyance		1,978,852	585,045
Repairs and maintenance		3,902,523	1,175,196
Vehicles' running and maintenance		9,353,785	7,232,743
Rent, rates and taxes		6,786,923	6,061,651
Insurance		2,538,247	2,320,217
Legal and professional charges		2,865,266	1,540,665
Fees and subscription		3,724,628	2,427,483
Utilities		10,008,202	10,169,632
Entertainment		4,076,299	4,846,935
Advertisement		593,080	397,557
Miscellaneous		1,138,201	620,533
Depreciation	15.4	10,430,235	11,128,532
		<u>144,475,860</u>	<u>130,376,738</u>

28.1 This includes Rs. 6.960 million (2018: Rs. 5.098 million) in respect of staff retirement benefits.

Note 29

Finance Cost

		2019	2018
		Rupees	Rupees
Interest / mark-up on:			
- Short term borrowings		41,633,334	39,133,199
- Long term loans		<u>5,705,181</u>	<u>5,918,936</u>
		47,338,515	45,052,135
Bank charges and commission		8,963,249	7,032,217
Commission on bank guarantees		1,690,796	1,016,013
Interest on workers' (profit) participation fund		<u>199,515</u>	-
		<u>58,192,075</u>	<u>53,100,363</u>

Note 30

Other Operating Expenses

		2019	2018
	Note	Rupees	Rupees
Auditors' remuneration			
- Statutory audit		1,030,000	862,500
- Limited scope review		100,000	100,000
- Other attestation services		<u>50,000</u>	<u>50,000</u>
		1,180,000	1,012,500
Loss on disposal of property, plant and equipment - Net		24,547,877	6,449,085
Provision for workers' (profit) participation fund		9,927,366	2,529,053
Provision for workers' welfare fund		3,937,419	18,820,314
Allowance for doubtful debts		729,316	-
Provision for further sales tax		30,146,446	12,942,250
Impairment of investment in associate	16	<u>39,346,787</u>	-
		<u>109,815,211</u>	<u>41,753,202</u>

Note 31

Other Income

		2019	2018
	Note	Rupees	Rupees
Exchange gain		1,482,621	429,345
Profit on sale of raw material		4,886,026	891,000
Gain on revaluation of short term investments at fair value through profit or loss		1,550,246	365,455
Reversal of further sales tax	31.1	-	42,168,181
Profit on term deposit receipts and sales tax refund bonds		249,945	108,699
Others	31.2	<u>480,000</u>	<u>480,000</u>
		<u>8,648,838</u>	<u>44,442,680</u>

31.1 For 2018 the provision recognized in previous year for further sales tax has been reversed on the basis of the final verdict issued by the Lahore High Court, Lahore dated February 22, 2018 in favor of the Company.

31.2 This includes Rs. 0.480 million (2018: 0.480 million) on account of rental income from related party.

Note 32

Taxation

	2019	2018
	Rupees	Rupees
Current:		
- Current period / year	73,976,946	67,774,490
- Prior years		
- Adjustment on account of assessment / return	-	1,111,359
- Tax credits utilized	(10,823,949)	(11,437,856)
	(10,823,949)	(10,326,497)
	63,152,997	57,447,993
Deferred	(5,286,067)	(28,464,322)
	57,866,930	28,983,671

32.1 The charge for taxation is based on corporate tax at the rate of 29%.

32.2 Reconciliation of tax charge for the year

Profit before taxation	188,593,045	101,183,252
Tax @ 29% (2018: 29%) on profit before taxation	56,577,914	30,354,976
Prior year tax charge	-	1,111,359
Tax credits (BMR investment)	(10,823,949)	(11,437,856)
Tax effect of exports under final tax regime	635,048	4,951,078
Tax effect on income taxed at reduced rate	(6,535,408)	(12,026,271)
Other adjustments	23,299,392	44,494,707
Deferred tax	(5,286,067)	(28,464,322)
	57,866,930	28,983,671

Note 33

Cash Generated from Operations

	2019	2018
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	188,593,045	101,183,252
Adjustments for:		
- Depreciation	106,267,618	109,210,310
- Share of net profit of associate	(21,784,692)	(40,087,570)
- Loss on disposal of property, plant and equipment - Net	24,547,877	12,942,250
- Gain on investment at fair value through profit or loss	(1,550,246)	(365,455)
- Provision for staff retirement benefits	36,449,889	34,453,390
- Exchange gain	(1,482,621)	(429,345)
- Provision for workers' (profit) participation fund	9,927,366	6,449,085
- Provision for workers' welfare fund	3,937,419	2,529,053
- Provision for further sales tax	30,146,446	18,820,314
- Interest on workers' (profit) participation fund	199,515	(42,168,181)
- Impairment of investment in associate	39,346,787	-
- Finance cost	47,338,515	45,052,135
	273,343,873	146,405,986
Operating profit before working capital changes	461,936,918	247,589,238
Decrease / (increase) in current assets:		
- Stores and spares	(34,669,807)	12,498,016
- Stock in trade	144,282,990	(178,279,270)
- Trade debts	31,280,675	(10,013,281)
- Advances, trade deposits, prepayments and other receivables	7,919,663	(61,241,113)
- Tax refunds due from the Government	(25,647,061)	33,805,380
Increase / (decrease) in current liabilities:		
- Trade and other payables	34,267,558	113,946,203
	157,434,019	(89,284,065)
Cash Generated from Operations	619,370,937	158,305,173

Note 34

Reconciliation of Liabilities arising from Financing Activities

	As at June 30, 2018	Non-cash changes	Cash flows	As at June 30, 2019
	Rupees			
Long term financing	58,036,100	-	265,834,600	323,870,700
Short term borrowings	488,605,485	-	(203,310,525)	285,294,960
Total liabilities from financing activities	546,641,585	-	62,524,075	609,165,660

Note 35

Earnings per Share - Basic and Diluted

		2019 Rupees	2018 Rupees
Basic earning per share is based on			
Net profit for the year attributable to ordinary shareholders	Rupees	130,726,115	72,199,581
Weighted average number of ordinary shares outstanding during the year	Number	17,971,372	17,971,372
Earnings per share - Basic	Rupees	<u>7.27</u>	<u>4.02</u>

35.1 Diluted Earnings per Share

There is no dilutive effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

Note 36

Balances and Transactions with Related Parties

The related parties comprise associated companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant balances and transactions with related parties are as follows:

Transactions during the year

Related party	Relationship	Shareholding	Nature of Transaction	2019 Rupees	2018 Rupees
Sargodha Jute Mills Limited	Associate	24.94%	Dividends income received	-	16,240,000
			Rent received from leasehold land	480,000	480,000
			Purchase of materials, goods and services	406,765	367,560
			Sale of materials, goods and services	362,613	313,144
			Dividends paid	21,090	21,090

Balances outstanding as at June 30,

Sargodha Jute Mills Limited (note 11 & 20)	(13,200)	134,992
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36.1 There were no transactions with key management personnel other than undertaken as per terms of their employment that have been disclosed in Note 37.

36.2 Sale and purchase transactions have been carried out on commercial terms and conditions under comparable uncontrolled price method.

Note 37

Chief Executive's, Directors' and Executives' Remuneration

The aggregate amounts charged in the financial statements for the year as remuneration and benefits to chief executive, directors and executives of the Company are as follows:

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	13,090,909	727,273	13,538,757	9,272,727	3,818,182	8,900,597
Medical	1,309,091	72,727	1,353,876	927,273	381,818	890,059
Bonus	850,000	-	938,738	475,063	195,801	335,829
Staff retirement benefits	1,200,000	100,000	1,145,319	850,000	350,000	690,622
	<u>16,450,000</u>	<u>900,000</u>	<u>16,976,690</u>	<u>11,525,063</u>	<u>4,745,801</u>	<u>10,817,107</u>
Number of persons	1	1	5	1	1	4

37.1 In addition to above, Chief Executive, Director, and Executives are provided with free use of Company maintained vehicles in accordance with the Company's policy.

37.2 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

37.3 No meeting fee has been paid during the year.

Note 38

Segment Information

For management purposes, the activities of the Company are recognized into one operating segment, i.e. manufacturing and sales of yarn. The Company operates in the said reportable operating segment based on the nature of the product, risk and return, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements related to the Company's only reportable segment. Entity-wide disclosures regarding reportable segment are as follows:

	2019	2018
	Percentage	Percentage
38.1 Information about products:		
Yarn	99.31%	99.10%
38.2 Major customers:		
4 customers (2018: 4 customers)	54.83%	53.78%
38.3 84.68% (2018: 80%) of sales of yarn are local sales whereas the remaining 15.32% (2018: 20%) sales are export / foreign sales.		

38.4 Geographical Information:

Company's revenue from external customers and geographical location is given as under:

	2019	2018
	Rupees in thousand	
Pakistan	5,169,859	4,341,568
Asia	769,063	997,260
Europe	166,308	116,634
	<u>6,105,230</u>	<u>5,455,462</u>

38.5 There has been no outstanding trade debts in respect of export sales.

38.6 All non-current assets of the Company are located and operated in Pakistan as at the reporting date.

Note 39

Plant Capacity and Production

	2019	2018
	Kilograms	Kilograms
Plant capacity converted into 20/S count based on three shifts per day for 365 days (2018: 365 days)	39,928,477	42,673,542
Actual production converted into 20/S count	39.1 38,234,270	39,667,532

- 39.1** Reasons attributable to under utilization of optimal production capacity are mainly due to various factors such as spindles' speed, twist, maintenance of machinery, power shutdown, etc.
- 39.2** During the year Company has disposed off plant and machinery of unit # 3 comprised of 14,232 spindles alongwith related machinery.

Note 40

Financial Risk Management

40.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. As at the reporting date, the Company's exposure to currency risk was as follows:

	2019	2018
	Rupees in thousand	
Trade debts	-	31,183
Outstanding commitments against letters of credit	(29,360)	(4,610)
Net exposure	(29,360)	26,573

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate during the year reported	142.70	113.10
Reporting date rate	164.00	121.40

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 2.94 million (2018: Rs. 2.66 million) respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. This sensitivity analysis reflects exposure as at reporting date and is unrepresentative of the exposure during the year.

(ii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instrument traded in the market. The Company is exposed to equity and commodity price risk in respect of short term investments carried at market value. Following analysis shows the impact of change in equity and commodity price.

	2019	2018
	Rupees in thousand	
Investment in quoted shares	1,720	1,190
Change in equity prices (%)	1%	1%
Effect on profit or loss (Rupees in thousands)	17.20	11.90

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing asset. The Company's interest rate risk arises from short term borrowings. As the borrowings made at variable rates, these expose the Company to cash flow interest rate risk. As at the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2019	2018
	Rupees in thousand	
Fixed rate instruments		
<i>Financial liabilities</i>		
Long term financing	357,686	98,777
Floating rate instruments		
<i>Financial liabilities</i>		
Short term borrowings	285,295	488,605

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit or loss. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

	2019	2018
Change in interest rates (%)	1%	1%
Effect on profit or loss		
Short term borrowings (Rupees in thousand)	2,853	4,886
Total effect on profit or loss (Rupees in thousand)	2,853	4,886

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2019	2018
	Rupees in thousand	
Long term deposits	3,847	14,070
Trade debts	73,328	103,126
Short term investments	47,416	8,440
Trade deposits and other receivables	34,534	50,609
Bank balances	90,040	104,042

The aging of trade debts as at reporting date is as follows:

	2019	2018
Past due 1 - 30 days	72,232	102,038
Past due 31 - 60 days	67	480
Past due 61 - 90 days	378	252
More than 91 days	651	356
	73,328	103,126

Company exposure relating to credit risk relating to trade debt is disclosed in relevant notes to the financial statement. There are no significant debtors that are past due as at the reporting date.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2019	2018
	Short term	Long term			
	Rupees in thousand				
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	34,630	51,270
MCB Bank Limited	A-1+	AAA	PACRA	23,506	25,402
Habib Bank Limited	A-1+	AAA	JCR-VIS	-	3,256
Allied Bank Limited	A-1+	AAA	PACRA	8,707	9,293
Meezan Bank Limited	A-1+	AA+	JCR-VIS	20,580	11,932
National Bank of Pakistan	A-1+	AAA	PACRA	729	1,560
United Bank Limited	A-1+	AAA	JCR-VIS	112	112
Bank Alfalah Limited	A-1+	AA+	PACRA	1,776	1,217
				90,040	104,042

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages its liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the reporting date, the Company had Rs. 1,865.54 million (2018: 1,532.76 million) worth unavailed short term borrowing limits available (both funded and unfunded) from financial institutions and Rs. 90.58 million (2018: Rs. 104.79 million) cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2019:

Carrying Amount	Contractual cash flows	Within 1 year	1-2 Year	2-5 Years	More than 5 years	
----- Rupees in thousand -----						
Long term financing	357,686	425,747	50,268	71,304	168,041	136,134
Trade and other payables	430,930	430,930	430,930	-	-	-
Unclaimed dividends	163,438	163,438	163,438	-	-	-
Unpaid dividends	199,348	199,348	199,348	-	-	-
Accrued interest	12,126	12,126	12,126	-	-	-
Short term borrowings	285,295	310,116	310,116	-	-	-
	<u>1,448,823</u>	<u>1,541,705</u>	<u>1,166,226</u>	<u>71,304</u>	<u>168,041</u>	<u>136,134</u>

Contractual maturities of financial liabilities as at June 30, 2018:

Carrying Amount	Contractual cash flows	Within 1 year	1-2 Year	2-5 Years	More than 5 years	
----- Rupees in thousand -----						
Long term financing	98,777	105,101	45,158	35,722	24,221	-
Trade and other payables	351,671	351,671	351,671	-	-	-
Unclaimed dividends	163,152	163,152	163,152	-	-	-
Unpaid dividends	199,348	199,348	199,348	-	-	-
Accrued interest	12,450	12,450	12,450	-	-	-
Short term borrowings	488,605	531,114	531,114	-	-	-
	<u>1,314,003</u>	<u>1,362,836</u>	<u>1,302,893</u>	<u>35,722</u>	<u>24,221</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at June 30, 2019. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

(d) Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2019 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non market observable)

40.2 Financial instruments by categories

Financial assets as at June 30, 2019

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
----- Rupees in thousand -----				
Long term deposits	-	3,847	-	3,847
Short term investments	1,720	-	45,697	47,417
Trade debts	-	73,328	-	73,328
Trade deposits and other receivables	-	34,534	-	34,534
Cash and bank balances	-	90,578	-	90,578
	1,720	202,287	45,697	-

Financial assets as at June 30, 2018

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
----- Rupees in thousand -----				
Long term deposits	-	14,070	-	14,070
Short term investments	1,190	-	7,250	8,440
Trade debts	-	103,126	-	103,126
Trade deposits and other receivables	-	50,609	-	50,609
Cash and bank balances	-	104,794	-	104,794
	1,190	272,599	7,250	-

Financial liabilities at amortized cost

	2019	2018
Rupees in thousand		
Long term financing	357,686	98,777
Trade and other payables	430,930	351,671
Unclaimed dividends	163	163
Unpaid dividends	199	199
Accrued mark-up	12,126	12,450
Short term borrowings	285,295	488,605
	1,086,399	951,865

40.3 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 41

Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

As at the reporting date, the gearing ratio of the Company was as under:

	Note	2019	2018
		Rupees in thousand	
Total borrowings	8 & 12	642,981	587,382
Cash and bank balances		(90,578)	(104,794)
Net Debt		552,403	482,588
Equity		2,223,856	2,113,308
Total capital employed		2,776,259	2,595,896
Gearing Ratio		19.90%	18.59%

Note 42

Number of Employees

	2019				
	Permanent		Contractual		Total
	Head office	Mills	Head office	Mills	
Employees as at the year end	32	1,693	6	85	1,816
Average employees during the year	32	1,720	6	86	1,844

	2018				
	Permanent		Contractual		Total
	Head office	Mills	Head office	Mills	
Employees as at the year end	32	2,143	6	140	2,321
Average employees during the year	32	2,096	6	137	2,271

Note 43

Provident Fund Related Disclosures

The Company does not maintain any provident fund for its employees.

Note 44

Authorization of Financial Statements

These financial statements were authorized for issuance on October 05, 2019 by the Board of Directors of the Company.

Note 45

General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No re-arrangements / reclassifications have been made in these financial statements during the year.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

FORM 34

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2019
CUIN (INCORPORATION NUMBER) 0006512

No. of Shareholders	Share Holding		Total Share Held
	From	To	
466	1	100	11,300
223	101	500	53,272
37	501	1,000	25,795
33	1,001	5,000	67,581
1	5,001	10,000	8,900
1	10,001	15,000	14,080
2	15,001	20,000	35,061
1	20,001	25,000	21,090
2	35,001	40,000	76,303
1	105001	110000	106,684
1	265,001	270,000	265,553
1	270,001	275,000	272,374
2	295,001	300,000	600,000
1	430,001	435,000	432,131
2	495,001	500,000	1,000,000
1	76,0001	765,000	760,382
1	1,105,001	1,110,000	1,105,907
1	1,680,001	1,685,000	1,682,217
1	2,495,001	2,500,000	2,500,000
2	4,465,001	4,470,000	8,932,742
780	Total		17,971,372

Categories of Shareholders	Share Held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children	13,140,799	73.12
5.2 Associated Companies, undertakings and related parties	1,021,090	5.68
5.3 NIT and ICP	9,310	0.05
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions,	2,200	0.01
5.5 Insurance Companies	600	0.00
5.6 Modarabas and Mutual Funds	122	0.00
5.7 Share Holding 10% or more	13,875,341	177.21
5.8 General Public		
a. Local	3,791,573	21.10
b. Foreign	-	-
5.9 Others (Securities & Joint Stock Companies)	5,178	0.03

**CATEGORIES OF SHAREHOLDING
INFORMATION REQUIRED AS PER CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2019**

S.#	Particular	Shares Held	Percentage
1)	Associated Companies, Undertakings and Related Parties		
	i) Sargodha Jute Mills Limited	21,090	0.11
	ii) Mrs. Saima Hassan	500,000	2.78
	iii) Sadaf Parvez	500,000	2.78
		<u>1,021,090</u>	<u>5.67</u>
2)	Mutual Funds		
	i) Golden Arrow Selected Stock Fund Limited	<u>122</u>	<u>0.00</u>
3)	Directors, Chief Executive Officer and their Spouse and Minor Children		
	i) Mian Parvez Aslam - Director	2,500,000	13.91
	ii) Mr. Imran Aslam - Chief Executive Officer	4,466,371	24.85
	iii) Mr. Irfan Aslam - Director	4,466,371	24.85
	iv) Mr. Danish Aslam - Director	1,000	0.01
	v) Syed Raza Ali Bokhari - Director	500	0.01
	vi) Dr. Ali Raza Khan - Director	650	0.01
	vii) Mrs. Nazish Imran - Director	300,000	1.66
	viii) Mrs. Sara Irfan - Spouse	300,000	1.66
	ix) Mrs. Fakhra Parvez - Spouse	1,105,907	6.15
		<u>13,140,799</u>	<u>73.11</u>
4)	Executives	<u>500</u>	<u>0.01</u>
5)	Public Sector Companies and Corporations	<u>9,310</u>	<u>0.05</u>
6)	Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds	<u>2,800</u>	<u>0.03</u>
7)	Individuals and Joint Stock Companies	<u>3,796,751</u>	<u>21.13</u>
	TOTAL NUMBER OF SHARES	<u>17,971,372</u>	<u>100.00</u>
8)	Shareholders Holding Five Percent or More Voting Rights		
	Mian Parvez Aslam	2,500,000	13.91
	Mian Shahzad Aslam	2,442,599	13.59
	Mr. Imran Aslam	4,466,371	24.85
	Mr. Irfan Aslam	4,466,371	24.85
	Mrs. Fakhra Parvez	1,105,907	6.15

Detail of Purchase / Sales / Gifts of Shares by Directors/CEO/Company Secretary/CFO and Their Spouses /Minor Children during 2019.

1,000 Shares were purchased by Mr. Danish Aslam

650 Shares were purchased by Dr. Ali Raza Khan

650 Shares were sold by Humayun Bakht Chief Financial Officer

No other trades were carried out by other directors, executives, and their spouses and minor children.

بورڈ آف ڈائریکٹرز کی قدرتیاتی

سندھ کھیتی کے بورڈ آف کارپوریشن گورننس 2017 کے مطابق بورڈ نے ایک منیکورم تیار کیا ہے جو ڈائریکٹرز کی قدرتیاتی اور مالی کارکردگی کو چیک کرتا ہے۔ سالہ وار ان کے درمیان ایک جامع سوال نامہ تیار کیا گیا ہے جو تمام ممبرز کے درمیان بانٹا گیا ہے۔ کہ وہ نقصان دہ جگہوں پر اپنی توجہ مرکوز کریں۔ یہ سوال نامہ ہر سال جاری ہے۔

کارپوریشن کے مقاصد کو اپنا مشن بنانے اور پالیسی اور فنڈز کی اسٹریٹیجی بنانے اور فنڈز کو چیک کریں اس پر نظر رکھیں اور بورڈ کی ہر فارمیشن کو چیک کریں اور یہ جاننے کے کوئی جگہوں پر بحری کی تجاویز ہے۔

ڈائریکٹرز کی تنخواہ

ڈائریکٹرز کی تنخواہ کی پالیسی (ایگزیکٹو، ایگزیکٹو اور ایگزیکٹو) تنخواہ اور انڈسٹریل پنشن اسکیم (ایگزیکٹو) کی پالیسی مارکیٹ میں موجود سینیٹرز کے مطابق ہے جو ان کے کام کے مطابق ہے۔ ایگزیکٹو ڈائریکٹرز کی تنخواہ کی منظوری بورڈ آف ڈائریکٹرز نے ہے۔ کوئی ڈائریکٹرز کی تنخواہ اور فنڈز نہیں کر سکتا۔ یہ پالیسی 2017-18 کے بورڈ کے مطابق ہے۔ کئی ایگزیکٹو ڈائریکٹرز اور ایگزیکٹو ڈائریکٹرز کو کوئی معاوضہ نہیں دیا صرف سینیٹرز کو دیا گیا ہے۔

محاسب کا تقرر

محاسب مسٹر بارہ اور تھوٹھ میں چوہدری ایڈووکیٹ، چارڈا اکاؤنٹنٹس اور چارڈا ہو جائیں گے اور اگلے سال کے لئے کھیتی کے محاسب کے طور پر تقرری کے اہل ہیں۔ آڈٹ کھیتی اور بورڈ نے کھیتی کے آڈٹور سے معاوضہ اس نام میں ممبران کی تقرری کے لئے ان کی دوبارہ تقرری کی حمایت کی ہے۔

حاکم شہیر ہولڈرز

23 جون 2019 میں بورڈ آف شہیر ہولڈرز یہاں شملہ کر دیا گیا ہے۔

مالی سال کی تکمیل کے بعد کے واقعات

کوئی بھی ایسا واقعہ جو کھیتی کے مالی حالات کو تبدیل کرے تو اسے مطلع کیا جائے گا۔

اعتراف

میں ان موقع کی مناسبت سے ان تمام حضرات کا دل سے شکریہ ادا کرتا ہوں جنہوں نے کھیتی کی ترقی میں خاطر خواہ کردار ادا کیا ہے۔ میں سب سے پہلے اپنے کسٹمرز کا شکریہ ادا کرتا ہوں جنہوں نے کھیتی کو اپنا اعتماد بڑھایا ہے۔ میں مالیاتی اداروں، مصداریں، گھنٹے آفسران، کھیتی کارکنان کا بھی شکریہ ادا کرتا ہوں جنہوں نے کھیتی کی بہترین بیو اور میں سب کو چاہتا ہوں کہ کھیتی میں ہر سکون حاصل بنائے رکھا ہے۔ اور ہمیں اس سے کوشش میں بھی سبکی نہ چھوڑنا چاہیے۔ کھیتی کی ترقی کی راہ پر گامزن رہے گی۔

برائے اور شکریہ بورڈ

جناب عرفان اسلم
ڈائریکٹر

جناب عمران اسلم
چیف ایگزیکٹو آفیسر

لاہور، نومبر 05 اکتوبر 2019

بورڈ آف ڈائریکٹرز کی میٹنگ

تعداد حاضر	نام ڈائریکٹرز
09	میاں پرویز اسلم
10	مرزا اسلم
07	مرزا اسلم
11	سید رضاعلی بخاری
02	25-10-2018 (مستقل) ہمایوں بخت
08	01-04-2019 (رجوع) احسن احمد خان
08	25-10-2018 (رجوع) مقصود شاہد مگھی
08	25-10-2018 (رجوع) دانش اسلم
03	01-04-2019 (منتخب) رضاعلی خان
02	01-04-2019 (منتخب) نازش عمران

آؤٹ کمیٹی

بورڈ نے آؤٹ کمیٹی تشکیل دی ہے جو حسب ذیل ڈائریکٹرز پر مشتمل ہے۔

چیمبرین	سید رضاعلی بخاری (انٹری پیڈمنٹ ڈائریکٹر)
ممبر	میاں پرویز اسلم (ٹان ایگزیکٹو ڈائریکٹر)
ممبر	مرزا اسلم (ٹان ایگزیکٹو ڈائریکٹر)
ممبر	مقصود شاہد مگھی (ٹان ایگزیکٹو ڈائریکٹر)

آؤٹ کمیٹی مندرجہ طور پر موجود اندرونی کنٹرول سسٹم کے ذریعے مفادات کا جائزہ اور کہ تاہم یہاں کی ناکامی کرتی ہے۔ کمیٹی اندرونی کنٹرول سسٹم کے بہتر ہونے کے لئے اسلامی اقدامات بھی تجویز کرتی ہے۔
زیر جائزہ سال کے دوران یکم جولائی 2018 سے لے کر 30 جون 2019 تک آؤٹ کمیٹی کے سات (7) اجلاس منعقد ہوئے آؤٹ کمیٹی کی حاضری درج ذیل ہے۔

تعداد حاضر	نام رکن
7	سید رضاعلی بخاری
4	میاں پرویز اسلم
7	میاں مرزا اسلم
3	مقصود شاہد مگھی

جوین ریسورس اور معاوضہ (HR & R) کمیٹی

کارپوریٹ گورننس کے ضابطہ اخلاق کے مطابق، بورڈ آف ڈائریکٹرز نے جوین ریسورس اور معاوضہ (HR & R) کمیٹی تشکیل دی ہے جو درج ذیل نامی تین ارکان پر مشتمل ہے۔ جوین ریسورس اور معاوضہ (HR & R) کمیٹی کمیٹی کے انسانی ذرائع کو مندرجہ طور پر سے فعال بنانے میں مدد فراہم کرتی ہے۔ اس کے علاوہ جوین ریسورس اور معاوضہ (HR & R) کمیٹی اس بات کو یقینی بنانے کے لئے کمیٹی کی جوین ریسورس پالیسیاں اس کے مجموعی کاروبار کے ساتھ باہمی طور پر منسلک ہیں کی شخصیات اور سفارشات بھی مرتب کرتے گی۔

تعداد حاضر	عہدہ	نام کمیٹی
02	چیمبرین	سید رضاعلی
02	رکن	میاں مرزا اسلم
02	رکن	احسن احمد خان

ایشی کرپشن

ہم کارکنوں کو کرپشن سے آواز مائل فرام کرتے ہیں اس میں کرپشن کی تمام صورتیں بد امنی اور رشوت بھی شامل ہے۔

اجتماعی سماجی ذمہ داری

کھپتی تسلیم کرتی ہے کہ معاشرہ کو اقتصادی فراہم پہنچانا کامیاب اور پائیدار کاروبار کی کلید ہے۔ ہم اپنے ملازمین کو وسیع سہولیات کی فراہمی، اپنے مرحوم ملازمین کے خاندانوں کی مدد اپنے 50 زین کے درمیان بہتر کام اور زندگی کے توازن کا فروغ، جانوں کے مطابق قومی خزانے میں حصہ فراہم کر کے اپنی مقامی کیونٹی، ملازمین اور حکومت کی قدر پیدا کرتے ہیں۔

صحت، حفاظت اور ماحول

ہم اپنے ملازمین کے لئے محفوظ اور صحت مند کام کا ماحول یقینی بنانے کے لئے مسلسل کام کرتے ہیں۔ اس کے علاوہ کھپتی حکومت کے سوشل سکیورٹی اور ایسپانک اولڈ ایج ڈیفنڈٹ ڈیپارٹمنٹ کے ہاں رجسٹرڈ ہے اور کھپتی کے کارکنوں کو صحت کی سہولت اور جاننا سمنٹ نوٹس کے لئے باقاعدہ دیکھا کرتی ہے۔

کام اور زندگی کا توازن

صحت کام اور زندگی کے توازن کو فروغ دینے کے لئے ہم اپنی صبح 9:00 بجے سے شام 5:30 بجے کام کا معیارات کے مطابق عمل کرتے ہیں۔ یہ یقینی بناتا ہے کہ ہمارے ملازمین کے پاس کام کے بعد اپنے اہل خانہ اور دوستوں کے ساتھ غیر رسمی سرگرمیوں سے لئے کافی وقت بھرے۔

کاروباری اخلاقیات

انتظامیہ تمام کاروباری سرگرمیوں کو صداقت، ایمان داری اور قیام اور قواعد و ضوابط کی پاسداری سے انجام دینے کے لئے پرعزم ہے۔ ضابطہ اخلاق کاروبار کی طرف سے تیار اور منظور کیا گیا ہے۔

قومی خزانے میں شراکت

کھپتی کی اقتصادی ترقی کے لئے اپنی قانونی اور سماجی ذمہ داری کو پورا کرنے کے لئے کھپتی نے ٹیکس، لیونج، ماسٹرز اور سٹریٹس کی مدد میں حکومتی خزانے میں اہل سال 2018-19 میں 68.461 ملین حصہ شامل کیا ہے۔ اس کے علاوہ موجودہ مالی سال کے دوران دھماکے کی برآمد سے کھپتی کے لئے 7.149 امریکی ڈالر کا غیر ملکی زرمبادلہ بھی کیا گیا ہے۔

بجلی کی بچت

انتظامیہ صداقت بجلی کی بچت پر توجہ مرکوز کر رہی ہے بجلی کی بچت کے اقدامات نصب کر کے توانائی کے تحفظ کے لئے اقدامات کئے ہیں۔ کارکنوں کو توانائی کی بچت کے لئے آگاہی بھی دی جاتی ہے۔ تاکہ بجلی کے غیر ضروری استعمال کو چھوڑا جاسکے۔ ہم نے بجلی کی بچت کے لئے سولڈ ویئر بھی نصب کئے ہیں جو دستی بجلی پیدا کرنے میں بہت معاون ہیں

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز کی تشکیل کو آف کارپوریشن گورننس 2017 کے مطابق ہے۔

ڈائریکٹرز کی تعداد

(a)	مرد حضرات	06
(b)	خواتین	01

بورڈ آف ڈائریکٹرز

(i)	آزاد ڈائریکٹرز	01
(ii)	نان ایگزیکٹو ڈائریکٹرز	04
(iii)	ایگزیکٹو ڈائریکٹرز	02

ڈائریکٹرز کے نام اور بورڈ آف ڈائریکٹرز کی مینٹنگ

تفصیلات کے خدشات

زرمبادلہ کے نقصان کے خدشات

بیرونی کرنسی میں کاروبار کی وجہ سے انار جڑی اجزاء کا قدرتی شرح پر مبنی ہے۔ جب کاروبار بیرونی کرنسی میں کیا جاتا ہے تو بیرونی کرنسی کے اتار چڑھاؤ کی وجہ سے کاروبار میں نقصان کا خدشہ ہوتا ہے۔ کیونکہ کاروبار میں واجب الادا قرضے واجب الادا قرضوں میں فرق آتا ہے یعنی زیادہ آمدنی کرنسی میں ہے اس لئے نقصان کے خدشات بھی زیادہ ہیں۔

لیگورز میں نقصان کا خدشہ

کئی کئی کاروبار کے دورے ہونے کے لئے ٹیکسز کا اٹھا کر پورا مقررہ وقت پر آگئی اور اگلی کاروبار کی اہلیت ظاہر کرتا ہے لیکن اس وقت اہلیت ہے جب مالی اساسوں کے لین دین میں فرق آتا ہے کئی کوئی فرق پیش کا بندہ ہست کر کے مقررہ وقت پر آگئی کی پابندی پر عمل درآمد کرنا چاہیے اور مستقبل کی ضرورتوں کی لئے بھی ٹیکسز کا بندہ ہست رکھنا چاہیے۔

آدھار میں نقصان کا خدشہ

آدھار میں نقصان کا خدشہ اس وقت پیش آتا ہے جب آدھار کے مانتے آتے ہیں تو آدھار کے لئے کئی نے گا کوں سے آدھار کی پابندی بھی ملتی ہے اور پھر آدھار کی مقررہ حد مسلسل نظر میں رہتی جاتی ہے۔

شرح سود میں اتار چڑھاؤ سے نقصان

شرح سود میں اتار چڑھاؤ سے نقصان کا خدشہ اس وقت پیش آتا ہے جب شرح سود میں کمی ہوتی ہے کیونکہ کئی نے لیے عرصے کے قرضے اور کم قیمت کے قرضے جو کئی نے لئے ہیں ان سے کاروبار چلایا جاتا ہے اور بینک جب سود میں اضافہ کرنے میں توجہ دیتی ہے تو کئی کو نقصان کا سامنا کرنا پڑتا ہے۔ چاہے وہ ملے نقصان کا کھانا ہو یا نہ ہو۔

مالی سال کے دوران کئی کے بزنس اور اس کے ماتحت اداروں کے کاروبار میں تبدیلی

کئی کے کاروبار میں موجود مالی سال کے دوران تبدیلی واقع ہوتی ہے کیونکہ کئی نے دماغ کی بیادار کے ساتھ ساتھ جرائم کا کاروبار بھی شروع کر دیا ہے۔

مرکزی رجحان کے اجراء جو کئی کے مستقبل کی ترقی پر اثر انداز ہو سکتے ہیں۔

کئی کی انتظامیہ تو دل دیا ہے اس میں جتنی ہوتی ہے کاپی شیز ہولڈرز کو زیادہ سے زیادہ متاثر رکھنے اور موجودہ حالات میں جب کہ کپاس کی فصل بتدریج خراب ہوتی جا رہی ہے اور کئی کی قیمت دن بدن بڑھتی جا رہی ہے اس وجہ سے چاہے سب سے زیادہ سب سے زیادہ متاثر ہو جائے اور پھر کئی پر مرکز کر دئی ہے۔ جہاں لیبر پاکستان سے کئی زیادہ ہست دیا ہے پھر پاکستان کیلئے ہن ٹھوں سے دماغ کی فروخت میں متاثر کرنا بہت مشکل ہو گیا ہے پھر کئی کئی کی انتظامیہ نے مشکل ترین حالات کے باوجود بہتر نتائج دیکھے ہیں جو قابل ستائش ہیں۔

کئی کے کاروبار کا حالات پر اثر

ہم پائی ٹھوں میں تازہ ہونے کی سے پاک ماحول کو تھیب دینے ہوتے ہیں ہم نے وہاں تمام تر حقائق اقلات کر کے ہیں مثال کے طور پر مل میں جدید طرز کے سکرنگائے ہیں جو سرمایہ خف اور نقصان کھنڈہ اور اگر پائی کے باہر پھینک دیتا ہے اور وہ کروں کے لئے صاف خطر ماحول بنائے رکھتا ہے۔

موزوں ترین اندرونی مالی کنٹرول

یہ بہتر کی ذمہ داری ہے کہ کئی میں موزوں ترین اندرونی مالی کنٹرول کو توجہ دے اور اس پر عمل درآمد کرے اور اس کے تحت خود امانی پر نظر رکھے۔ یہ اندرونی مالی کنٹرول بین الاقوامی مالی حلقہ رپورٹنگ کے مطابق ہونا چاہیے تاہم کئی ایک پر اثر مالی اندرونی کنٹرول بنائے ہوتے ہیں جس میں جواب دہی کا عمل بہت مہیاں ہے۔

متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں کے درمیان لین دین قابل رسائی نہیں مقرر کر کے کیا گیا۔ کئی پاکستان میں ٹیکس کی اسٹاک کے خاتمے میں موجود پیشگی پرانگ بہترین طریقوں پر عمل ہوا ہے۔ آڈٹ کیشن کی سٹارٹ پر ہر طرف کی طرف سے متعلقہ پارٹی کے لین دین کی منظوری دینی گئی تھی۔

کام کی جگہ پر ہراساں کرنے کے خلاف تحفظ کا ضابطہ اخلاق

کئی کام کرنے کی جگہ پر صاف ماحول فراہم کرنے کا پختہ ارادہ رکھتی ہے۔ اور اس بات کو یقینی بناتی ہے کہ ہر ملازم سے عزت اور وقار کا سلوک کیا جاتا ہے۔ کئی ایک مثبت پیشہ وارانہ کے ماحول کو فروغ دینے کیلئے ہرگز نہیں ہے جو اس کے مصلحتی پیشہ وارانہ ترقی کے لئے ضروری ہے جس سے ہراساں کرنے کی شہزادہ لگنا مال ملا لگنا میں کوئی جگہ نہیں ہے۔ تاکہ ہر کم کو انتظامی اور اسلامی کاروباری کام سامنا کرنے میں کسی احتیاج ہونے پر ملازم سے ہر فراہمی کے لئے تیار رہتا ہے۔

FORM OF PROXY

I/We _____ Son / Daughter / Wife of _____ being a member
 Of **SHAHZAD TEXTILE MILLS LIMITED** and holder of _____ Shares Folio
 No. _____ CDC Participant ID # _____ and
 Sub Account # _____ do hereby appoint _____ of or failing
 him /her _____ of _____ as my/our proxy to
 attend, speak and vote for me/us and on my/our behalf at the Annual General meeting of Shahzad Textile Mills
 Limited scheduled to be held on Monday October 28, 2019 at 12:30 p.m at 19-A, Off. Zafar Ali Road, Gulberg-V,
 Lahore and at any adjournment thereof.

As witness my/our hands this _____ day of _____ 2019.

1. Witnesses:

Name: _____

Signature: _____

CNIC: _____

Address: _____

Please affix here Revenue
Stamp of Rs. 5/-

Members' Signature

2. Witnesses:

Name: _____

Signature _____

CNIC: _____

Address: _____

Shareholder's Folio No. _____

CDC A/c _____

CNIC: _____

Address: _____

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy.
2. Proxies, in order to be effective, must be received at the Company's Registered Office, 19-A, Off. Zafar Ali Road, Gulberg-V, Lahore, not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
3. CDC account holders will further have to follow the under-mentioned guidelines as laid down in circular # 1, dated 26th January, 2000 of the Securities and Exchange Commission of Pakistan.
 - i) In case of individuals, the account holder and/or sub-account holder whose securities and their registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.
 - ii) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
 - iii) In case of corporate entity, the Board's resolution/power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

The Secretary
SHAHZAD TEXTILE MILLS LIMITES
19-A, Off Zafar Ali Road, Gulberg V, Lahore.
Tel: +92 (42) 35754024-27

سیکرٹری
شہزاد ٹیکسٹائل ملز لمیٹڈ
19-A آن طرعی روڈ، لہور ک-۷۵۰۰۰
Tel: +92 (42) 35754024-27

IMPORTANT NOTICE

Dear Valued Shareholder(s)

Section 242 of companies Act 2017 and Circular No. 18/2017 dated August 01, 2017 issued by Securities & Exchange Commission of Pakistan (SECP) has directed all listed Companies to pay dividend only through electronic mode directly into the Bank Accounts designated by the entitled shareholders with effect from November 01, 2017.

In view of above, you are advised to provide you complete Bank Account / IBAN detail as per format given below to Shahzad Textile Mills Limited 19-A, Off. Zafar Ali Road, Gulberg-v. Lahore (in case of CDC Account Holder / Sub Account Holders please provide said details to respective member Stock Exchange) enabling us to comply with above Section / Circular.


HASSAN-UD-DIN ANSARI
 Company Secretary

DIVIDEND MANDATE DETAIL

Folio Number	
Name of Shareholder	
Title of Bank Account	
Bank Account Number (Complete)	
Bank's Name Branch Name, code and Address	
Cell Number	
Landline Number, if any	
CNIC Number (also attached copy)	
<p>It is stated that the above mentioned information is correct, that I/We will intimate the changes in the above mentioned information to the Company.</p> <p style="text-align: right; margin-right: 50px;"> _____ Shareholder's Signature </p>	

ضروری اطلاع

محترم شیئر ہولڈر (ز)

کوٹھڑا ایکٹ 2107 میں 242 اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 18/2017 تاریخ یکم اگست 2017 کے ذریعے SECP کی طرف سے تمام لیسٹڈ کمپنیوں کو اجابت کی گئی ہے کہ یکم نومبر 2017 کے بعد سے اسے اپنے ذریعے کی رقم ایکٹوائٹ طریقہ کار سے براہ راست شیئر ہولڈرز کی طرف سے فراہم کرنا، بلکہ ایکٹوائٹ میں عمل کی جائے۔

درج بالا اجابت کے تناظر میں، آپ سے گزارش کی جاتی ہے کہ آپ ہمیں ایکٹوائٹ (انٹرنیشنل بینک نمبر) IBAN کی تفصیل درج ذیل فارمیٹ کے تحت کمپنی کے شیئر رجسٹرار، شیئر ایکسچینج، ملازمین، 19-A آف ٹریڈ ریگولیشن اور گورنر کو مینا کریں (سی ڈی سی ایکٹوائٹ ہولڈر سب ایکٹوائٹ ہولڈر پر تفصیل متعلقہ اسٹاک ایکسچینج کو مینا کریں) تاکہ ہم درج بالا مینا کر سکیں۔



حسن الدین انصاری

کمپنی سیکرٹری

شیئر ایکسچینج کی ملازمین

	فون نمبر
	شیئر ہولڈر کا نام
	بینک ایکٹوائٹ نمبر
	بینک کا نام، پتہ، برانچ کا نام، کواڈریٹ
	موبائل نمبر
	فون نمبر (اگر ہے)
	کمپنی ذرا لکڑی کا نام
	(کاپی سٹیک کریں)
<p>توجہ: یہ اطلاع درست ہے۔ اگر درج بالا معلومات درست ہیں، تو اسے درج ذیل معلومات میں تبدیلی کی صورت میں کمپنی اور متعلقہ شیئر رجسٹرار کو مطلع کرنا۔</p>	
<p>_____</p> <p>احمد شیئر ہولڈر</p>	

ANNUAL ACCOUNTS**REQUEST FORM**

Consent for Circulation of Annual Audited Financial Statements through e-mail

Company Name: **Shahzad Textile Mills Limited**

Folio No. / CDC Sub -Account No. _____

E-mail Address: _____

CNIC No. _____

The above e-mail address will be recorded in the members register maintained under Section 120 of the Companies Act, 2017.

I will inform the Company or the Registrar about any change in my e-mail address immediately. Henceforth, I will receive the Audited Financial Statements along with Notice only on the above e-mail address, unless a hard copy has been specifically requested by me.

Name and Signature of Shareholder

(Attachment Copy of CNIC)

The Secretary
SHAHZAD TEXTILE MILLS LIMITES
19-A, Off Zafar Ali Road, Gulberg V, Lahore.
Tel: +92 (42) 35754024-27

درخواست فارم

سالانہ مالی سال کے آؤٹ شدہ اکاؤنٹس کی بذریعہ ای میل منظوری

کمپنی کا نام: شیزارا ٹیکسٹائل ملز لمیٹڈ

فولیو: سی ڈی سی سب اکاؤنٹ نمبر _____

ای میل ایڈریس: _____

شناختی کارڈ نمبر _____

اوپر دیا گیا ای میل ایڈریس کا اندراج ممبر رجسٹرڈ انڈر سیکشن 120 آف کمپنیز ایکٹ 2017 ہوگا۔

میں کمپنی کو کسی بھی ای میل ایڈریس کی تبدیلی کی صورت میں فوری اطلاع دوں گا اور میں کمپنی کے مالیاتی گوشوارہ (نظر ثانی شدہ) اور نوٹس کی کاپی اوپر دیئے

مئے ای میل ایڈریس پر موصول کروں گا جس کے لئے میں نے خاص طور پر درخواست کی ہے۔

شیئرس ہولڈر کا نام اور دستخط

شناختی کارڈ کی کاپی منسلک شدہ ہے

یکیزی
شہزاد ٹیکسٹائل ملز لمیٹڈ

19-A آن لائن روڈ، بھکٹ - 54000
Tel: +92 (42) 35754024-27

CONSENT FOR VIDEO CONFERENCE FACILITY

In compliance with Section 134(1)(b) of the Companies Act, 2017 if the Company receive consent from members holding aggregate 10 % or more shareholding residing at geographical location to participate in the meeting through video link facility at least 10 days prior to the date of general meeting. The company will arrange video link facility in that city. To avail this facility please provide following information and submit to registered address of the Company.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the general meeting along with complete information necessary to enable them to access the facility.

REQUEST FORM

I/We _____ of _____ being a member of Shahzad Textile Mills Limited, holder of _____ Ordinary Shares as per Register Folio No. / CDC Sub Account No. _____ hereby opt for video conference facility at _____

Signature of Member