

Annual Report 2019



ZAHIDJEE



ZAHIDJEE TEXTILE MILLS LIMITED

Mission, Vision, Values

- ▶▶ To add value to shareholders and the economy by engaging profitably in textile products.

- ▶▶ To be and remain quality leader and competitive in the international market.

- ▶▶ To conduct business as a socially responsible corporate citizen.

**Zahidjee Textile Mills Limited
Company Information**

Board of Directors

Mr. Muhammad Sharif
Chairman

Mr. Muhammad Zahid
Chief Executive

Mr. Ahmad Zahid
Miss Mahreen Zahid
Mr. Sajjad Hussain Shah
Mr. Faisal Masood Afzal
Brig (R) Wali Muhammad

Audit Committee

Brig (R) Wali Muhammad
(Chairman)
Mr. Sajjad Hussain Shah
Mr. Faisal Masood Afzal

Company Secretary

Mr. Naveed Ashraf

Chief Financial Officer

Mr. Anwar-ul-Haq

Share Registrar

Corptec Associates (Private) Limited
503-E, Johar Town, Lahore
Tel: 042-35170335-6 Fax 042-35170338
E-mail: info@corptec.com.pk

Registered Office

2 H, Gulberg II, Jail Road, Lahore
Tel: 042-35777291-5

Bankers of the Company

Allied Bank Limited
Askari Commercial Bank Limited
Bank Al-Falah Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
JS Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
The Bank of Punjab
United Bank Limited

Auditors

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

HR& Remuneration Committee

Mr. Ahmad Zahid
(Chairman)
Mr. Faisal Masood Afzal
Miss Mehreen Zahid

Export Office

20, Bilal Road, Civil Lines,
Faisalabad
Tel: + 92-41-2409223-24

Mills

- 28-KM, Sheikhpura Road,
Faisalabad.
- 32-KM, Tandlian wala Road,
Faisalabad.
- M-3 Industrial City,
Sahianwala, Faisalabad.

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NOTICE OF ANNUAL GENERAL MEETING

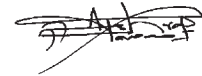
Notice is hereby given that 30th Annual General Meeting (AGM) of the shareholders of ZAHIDJEE TEXTILE MILLS LIMITED ("the Company") will be held at 11:30 A.M on Saturday, the 26th October 2019 at registered office 2H, Gulberg II, Jail Road, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last meeting of shareholders.
2. To consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2019 together with the Directors and Auditors reports thereon.
3. To appoint auditors for the year 2019-20 and to fix their remuneration.
4. To approve final dividend in cash @ 8.50% i.e. Rs.0.85 per share of Rs.10 each as recommended by the Board of Directors.
5. To transact any other business with the permission of the chair.

SPECIAL BUSINESS:

6. To consider and approve the fixation of gross remuneration of the whole time working director Mr. Ahmad Zahid and Revision of Salary of Mr. Muhammad Zahid.



NAVEED ASHRAF
Company Secretary

Lahore
Dated: October 05, 2019

NOTES:

- i. The share transfer books of the Company shall remain closed from October 19, 2019 to October 26, 2019 (both days inclusive). Transfers received in order at Company's registrar, M/S CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore up to close of business on October 18, 2019 will be considered in time.
- ii. Members are requested to attend in person along with Computerized National Identity Card or appoint a proxy and send their proxy forms duly witnessed so as to reach the Registered Office of the company not later than 48 hours before the time of holding the meeting.
- iii. Members are required to provide their current address, valid and legible CNIC for printing of CNIC number on their dividend warrants.
- iv. Members are required to convey their consent and E-mail Address for receiving audited Financial Statements and Notice through E-mail.
- v. The CDC account holder must bring Participant ID Number and Account / Sub Account Number.
- vi. As per Section 242 of Companies Act, 2017 dividend payable in cash shall only be paid through electronic mode directly into the bank account. Please provide bank account details (IBAN Account Number) to our share registrar.
- vii. Share holders, who by any reason, could not claim their dividend or bonus shares are advised to contact our share registrar. Under section 244 of Companies Act, 2017 states after having completed the stipulated procedure, all dividends unclaimed for the period of three years from the date due and payable shall be deposited to the credit of Federal Government/SECP and in case of shares shall be delivered to SECP.

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

PERTAINING TO ITEM NO. 6 APPROVAL OF REMUNERATION OF DIRECTORS

Approval of shareholders is sought to pass with or without modification the following resolution.

“Resolved that the gross salaries of the whole time working Director and Chief Executive be and hereby revised with effect from July 2019 as follows:

	Designation	Gross Salary	Revised Salary
Muhammad Zahid	Chief Executive	400,000	1,000,000
Ahmad Zahid	Director	Nil	200,000

While other prevailing terms and conditions of service will remain unchanged”.

The above Directors have interest in the aforesaid business to the extent of their remuneration and perquisites as shown above.

DIRECTORS' REPORT TO THE MEMBERS

On Behalf of the Board, it is my pleasure to present, the audited Financial Statements of the Company for the year ended June 30, 2019.

Over view

During the fiscal year 2018-19 your company delivered a successful performance with achievement of challenging objectives for growth and profit. This was primarily driven by the Company's improved product range, market penetration, cost management and productivity improvement. The Enhanced capacity commissioned together with planned capital investment for quality improvements and innovative marketing strengthened the Company's ability to grow further.

Financial Performance

	2019 Rupees	2018 Rupees
Profit before taxation	744,403,700	574,963,691
Provision for taxation	(37,255,097)	249,035,886
Profit for the year	781,658,797	325,927,805
Earnings per share – Basic and diluted	4.08	1.70

The Company remains committed and strongly believes that it is now on a path of sustainable growth and maximizing value creation. These objectives are being achieved by focusing resources to develop operational efficiency and strengthening business foundations. As a result of these efforts, the Company registered net sales of Rs. 13.444 billion during the year, showing 30 % growth over the previous year. This improvement in sales together with strong contributions from cost efficiencies, better product mix and other operational efficiencies translated in improving margins for the year. As a result, the Company registered its highest net profit before tax of Rs. 744.403 million. Net profit after tax of Rs. 781.658 million showed an increase of 144% over last year. This translated to earning per share of Rs. 4.08 as against Rs. 1.70 of last year.

Profit and Appropriation

The financial results for the year under review are as follows:

	2019 Rupees	2018 Rupees
Profit after tax	781,658,797	325,927,805
Add: Other Comprehensive income	121,683,230	54,508,634
	903,342,027	380,436,439
Un-appropriated profit b/f	1,269,101,864	979,818,325
Profit available for appropriation	2,172,443,891	1,360,254,764

Appropriation:

Final Dividend for the year 2017-18:

Cash Dividend of Rs. 0.35 per share	(66,997,385)	-
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Announcement for the year 2016-17:

Bonus shares issued in ratio of 1 share for every 10 shares	-	(91,152,900)
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Un-appropriated profit c/f	2,105,446,507	1,269,101,864
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Dividend and bonus shares

The board of directors in its meeting held on October 5, 2019 proposed cash dividend at the rate of 8.5 % i.e. Rs. 0.85 per share of Rs.10 each subject to the approval of members at the forthcoming Annual General Meeting to be held on October 26, 2019.

Credit Rating of Company

Your Company is a rated company. PACRA has issued rating for Zahidjee Textile Mills Limited for Long-term A- and for Short Term A2

Board of Directors

During the year following casual vacancies of directors filled

Mr. Ahmad Zahid
Mr. Sajjad Hussain Shah
Mr. Faisal Masood Afzal

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Following Persons have resigned from the Board

Mst Huma Zahid
Mst Shaista Bilquees
Mr. Muhammad Jamshaid

Board meetings

During the year under review four Board meetings were held. Attendance by each director is appended below:-

S.NO.	NAME OF DIRECTOR	NO. OF MEETINGS ATTENDED
1	Mr. Muhammad Sharif	4
2	Mr. Muhammad Zahid	4
3	Mr. Ahmad Zahid	2
4	Miss Mehreen Zahid	4
5	Mr. Sajjad Hussain Shah	2
6	Mr. Faisal Masood Afzal	2
7	Brig. (R) Wali Muhammad	4
8	Mst. Huma Zahid	2
9	Mst. Shaista Balquees	2
10	Mr. Muhammad Jamshaid	2

Audit committee

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee, and the following Directors are the members of the Audit Committee:

The meetings of the Audit committee were held at least once every quarter prior to approval of interim and final results of the Company. The meeting was also attended by the CFO, Head of Internal Audit and External Auditors as and when it was required.

			NO. OF MEETINGS ATTENDED
Brig. (R) Wali Muhammad	Independent Director	Chairman	4
Mr. Faisal Masood Afzal	Independent Director	Member	2
Mr. Sajjad Hussain Shah	Independent Director	Member	2
Mst. Huma Zahid	Non-Executive Director	Member	2
Mr. Muhammad Jamshaid	Non-Executive Director	Member	2

HR & Remuneration Committee

In compliance with the Code of Corporate Governance, the Board of Directors of your Company has established a HR & R committee. Composition of HR & R committee is as follows.

			NO. OF MEETINGS ATTENDED
Mr. Ahmad Zahid	Executive Director	Chairman	2
Miss Mehreen Zahid	Executive Director	Member	4
Mr. Faisal Masood Afzal	Independent Director	Member	2
Mst. Huma Zahid	Non-Executive Director	Member	2
Mr. Muhammad Jamshaid	Non-Executive Director	Member	2

Code of Corporate Governance

The Directors of the Company are pleased to confirm that the company has made compliance of the provisions set out by the Securities and Exchange Commission of Pakistan through the listing regulations of the Pakistan Stock Exchange as prescribed in the Code of Corporate Governance and there is no material departure from the best practices as detailed in the listing regulations:

- 1 The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- 2 Proper books of accounts of the company have been maintained.
- 3 Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4 International Accounting/Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and there is no departure there from.
- 5 The system of internal control is sound and has been effectively implemented and monitored.
- 6 There is no significant doubt upon the company's ability to continue as a going concern.

7 There has been no material departure from the best practices of Code of Corporate Governance, as detailed in Listing Regulations.

8 Statement of compliance with Code of Corporate Governance and Financial Highlights for the last six years are annexed.

Safety and Environment

The company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.

Corporate Social Responsibility

Your company understands its corporate responsibility towards the society and fulfils its obligations by providing support to under privileged members of the society. Special persons are regularly employed in the company.

Your company is providing healthy, safe and learning work environment to its employees and sends them to attend training courses, seminars, workshops and conferences.

The company has installed an environment friendly gas based power plant with a view to reduce power cost and pollution.

Web Reference

In compliance with SRO 634 (1)/2014 dated July 10, 2014, the Company is maintaining a functional website. Annual, half yearly and quarterly reports and other notices are regularly posted at the Company's website address (<http://www.zahidjee.com.pk>).

Related Parties

Transactions between related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with the best practices on transfer pricing as contained in the Listing Regulations of Pakistan Stock Exchange.

Human Resources Management

Our commitment to excellence plays a significant role in our ability to be successful. This commitment enables us to continue investing behind talent development of our people across all functional departments. They are provided with a learning environment that encourages and fosters new ideas, initiatives and teamwork.

Pattern of share holding

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

Auditors

The external Auditors, M/s RSM Avais Hyder Liaquat Nauman, Chartered Accountants, retire and offer themselves for their reappointment. The Audit Committee has also recommended the reappointment of M/S RSM Avais Hyder Liaquat Nauman, Chartered Accountants, as external auditors for the year 2019 - 2020.

Future Outlook

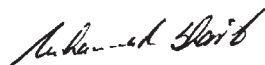
Overall the outlook for the first half of the coming year appears very challenging due to increase in cost of doing business. Despite of complex market environment, the Company is working to response to the rapidly changing dynamics of the market. Looking ahead, the Company aims to improve its manufacturing capabilities, We trust that the Government will work to provide stability to the business environment and create a stimulus to improve the growth rate, whilst combating inflation and currency pressure through Constructive economic policies.

Acknowledgments

The Directors of your Company would like to place on record their deep appreciation for the support of the customers, banks, financial institutions, regulators and shareholders during the year and hope that this cooperation and support will also continue in the future.

The Directors of your Company would also like to express their appreciation for the services, devotion, loyalty and efforts being continuously rendered by the executives, staff members and workers of the Company and hope that they will continue with these efforts in future also.

For and on behalf of
the Board



Muhammad Sharif
Chairman

Dated: October 05, 2019
Lahore



MUHAMMAD ZAHID
Chief Executive Officer

ماحول اور تحفظات:

کمپنی ماحول اور تحفظات کے لئے بنائے گئے اصولوں پر سختی سے عمل درآمد کرتی ہے اور یہ ماحول دوست پالیسیوں کا احترام بھی کرتی ہے۔

ادارہ جاتی سماجی ذمہ داری:

آپ کی کمپنی سماجی ذمہ داری کو خوب سمجھتی ہے اور اپنی ذمہ داری کو سوسائٹی کے محروم طبقوں کی مدد کے پورا کرتی ہے۔ خصوصی افراد کو کمپنی میں ملازم رکھا جاتا ہے۔ ملازمین کو صحت مند ماحول فراہم کیا جاتا ہے۔ انھیں ٹریننگ کورسز، سیمینار، ورکشاپ، کانفرنس میں بھی بھیجا جاتا ہے۔

ویب ریفرنس:

SRO 634(1)2014 کے تحت کمپنی کی فنکشنل ویب سائٹ www.zahidjee.com ہے۔ جس پر سہ ماہی، ششماہی اور سالانہ اکاؤنٹس اپ لوڈ کیے جاتے ہیں۔

تعلق دار افراد:

تعلق دار افراد سے معاملات شفافیت سے کیے جاتے ہیں۔ قیمتوں کا تعین آزادانہ مقابلہ کے طریقہ سے کیا جاتا ہے۔

ہیومن ریسورس مینجمنٹ:

ہماری کامیابی میں محکمہ ارادے کا بڑا عمل دخل ہے۔ شاندار انسانی وسائل کے حصول کے لئے خرچ کرنا ہماری پالیسی ہے۔ انسانی وسائل کے لئے مسلسل سیکھنے کا ماحول مہیا کیا جاتا ہے تاکہ نئے خیالات سے استفادہ کیا جاسکے۔

شمیر ہولڈنگ کا نمونہ:

30 جون 2019ء کو شمیر کی پوزیشن کا جدول رپورٹ میں شامل ہے۔

آڈیٹرز:

سکدوش ہونے والے آڈیٹرز آر ایس ایم اویس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمیٹی نے 2019-20 کے لئے ان کی دوبارہ تقرری کی سفارش کی ہے۔

مستقبل کا اندازہ:

موجودہ حالات میں کاروباری لاگت میں اضافے کی وجہ سے اندازہ ہے کہ آنے والے سال کی پہلی ششماہی مجموعی طور پر ایک بہت زیادہ دشوار گزار صورت حال سے دوچار رہے گی۔ تاہم مارکیٹ کے پیچیدہ ماحول کے باوجود کمپنی مارکیٹ کی تیزی سے بدلتی ہوئی صورت حال کا مقابلہ کرنے کے لئے کام کر رہی ہے۔ آگے کی جانب کمپنی کا عزم ہے کہ اپنی پیداواری گنجائش کو بہتر کرے۔ ہم امید کرتے ہیں کہ حکومت کاروباری ماحول کے استحکام کے لئے کام کرے گی اور ایسے مواقع پیدا کرے گی جن سے شرح نمو میں بہتری آئے جبکہ تعمیری معاشی پالیسیوں کے ذریعے کرنسی پر دباؤ اور افراط زر کو کم کرے گی۔

اعترافات:

آپ کی کمپنی کے ڈائریکٹرز اس بات کا فخر یہ اعتراف کرتے ہیں کہ ہمیں کسٹمر، مینکزر، مالی اداروں، ریگولیٹرز اور شمیر ہولڈرز سے ہر طرح کا تعاون ملا اور امید کرتے ہیں کہ یہ تعاون اور مدد مستقبل میں بھی جاری رہے گی۔ ڈائریکٹرز کمپنی کے سٹاف اور ورکرز کی شاندار روحنیت کا اعتراف کرتے ہیں جسکی وجہ سے کامیابی حاصل ہوئی۔

Muhammad Shafiq

محمد شریف

چیئر مین

Muhammad

محمد زاہد

چیف ایگزیکٹو آفیسر

اکتوبر 5، 2019

لاہور

آڈٹ کمیٹی:

بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کوڈ کے تحت ایک آڈٹ کمیٹی قائم کی اور مندرجہ ذیل ڈائریکٹرز آڈٹ کمیٹی کے ممبران ہیں۔

اجلاس میں شریک ہونے کی تعداد

4	برگیڈیئر (ریٹائرڈ) ولی محمد	چیئر مین	آزاد ڈائریکٹر
2	فیصل مسعود افضل	ممبر	آزاد ڈائریکٹر
2	سجاد حسین شاہ	ممبر	آزاد ڈائریکٹر
2	محمد جمشید	ممبر	غیر آفسر ڈائریکٹر
2	ہما زاہد	ممبر	غیر آفسر ڈائریکٹر

آڈٹ کمیٹی کا اجلاس ہر تین ماہ میں ایک بار منعقد ہوا اور یہ اجلاس کمیٹی کے حتمی نتائج سے پہلے منعقد ہونے ان اجلاس میں سی ایف او، انٹرنل آڈٹ کے سربراہ اور ایکسٹرنل آڈیٹرز کے ساتھ ہوا۔

جب درکار ہوا شمولیت اختیار کی۔

ایچ آر اینڈ آر کمیٹی:

بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کوڈ کے تحت HR&R کمیٹی قائم کی چناؤ اور میٹنگ کی حاضری مندرجہ ذیل ہے۔

اجلاس میں شریک ہونے کی تعداد

2	احمد زاہد	چیئر مین	افسر ڈائریکٹر
2	فیصل مسعود افضل	ممبر	آزاد ڈائریکٹر
4	مہرین زاہد	ممبر	افسر ڈائریکٹر
2	ہما زاہد	سابقہ چیئر مین	غیر آفسر ڈائریکٹر
2	محمد جمشید	ممبر	غیر آفسر ڈائریکٹر

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک:

- مندرجہ ذیل معاملات کے لئے ڈائریکٹرز نے بورڈ آف کارپوریٹ گورننس سکیورٹی اینڈ ایچ ایچ کمیٹی آف پاکستان کے کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک کے ساتھ تعمیل کی تصدیق کی ہے۔
- کمیٹی کی انتظامیہ کی جانب سے تیار کی جانے والی مالیاتی سٹیٹمنٹ شفافیت کے ساتھ اسٹیٹ آف افیئرز آپریشنز کے نتائج، کیش کا بہاؤ اور ایکویٹی میں تبدیلیوں کو پیش کرتی ہے۔
- کمیٹی اکاؤنٹ کی کتب باقاعدہ برقرار رکھتی ہے۔
- مالیاتی سٹیٹمنٹ کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیاں مسلسل لاگو کی جاتی ہیں اور اکاؤنٹنگ اسٹیٹمنٹس معقول اور دانشمندانہ فیصلوں پر مبنی ہوتے ہیں
- پاکستان میں لاگو ہونے والے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز پر مالیاتی سٹیٹمنٹس کی تیاری میں عمل درآمد کیا جاتا ہے۔
- اندرونی کنٹرول کا نظام بہترین انداز میں مرتب کیا گیا ہے۔ مؤخر انداز میں لاگو کیا گیا ہے۔ اور ساتھ ساتھ باقاعدہ اسکی نگرانی بھی کی جاتی ہے۔
- کمیٹی کی مالی حالت مستحکم ہے اور کوئی مالی خطرہ نہیں ہے۔
- لسٹنگ ریگولیشنز میں دی گئی تفصیل کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں کوئی میٹرل ڈیفیاریس نہیں کیا گیا۔
- کارپوریٹ گورننس پر عمل درآمد کی رپورٹ دی گئی ہے۔ اور پچھلے چھ سال کے خاص اعداد و شمار بھی دئے گئے ہیں۔

ڈیویڈنڈ اور بونس شیئرز:

بورڈ آف ڈائریکٹرز نے 5 اکتوبر 2019 کو ہونے والی میٹنگ میں کیش ڈیویڈنڈ 85 پیسے فی شیئر 8.5 فیصد کے حساب سے تجویز کیا ہے جو کہ مہران کی 26 اکتوبر 2019 کو ہونے والی جنرل میٹنگ کی اجازت سے مشروط ہے۔

کمپنی کی کریڈٹ ریٹنگ:

آپ کی کمپنی کی کریڈٹ ریٹنگ Pacra سے ہوئی ہے Pacra نے زاہلجی ٹیکسٹائل ملز لمٹیڈ کی طویل مدت درجہ بندی A- کی ہے اور قلیل مدت کی درجہ بندی A2 کی ہے

بورڈ آف ڈائریکٹرز:

رواں سال میں مندرجہ ذیل ڈائریکٹرز کی تقرری ہوئی۔

- 1- جناب احمد زاہد
- 2- جناب سجاد حسین شاہ
- 3- جناب فیصل مسعود افضل

مندرجہ ذیل ڈائریکٹرز نے بورڈ سے استعفیٰ دیا۔

- 1- مسماٹ ہما زاہد
- 2- مسماٹ شائستہ بلقیس
- 3- جناب محمد جمشید

بورڈ کا اجلاس:

رواں سال 4 بار بورڈ کا اجلاس ہوا ڈائریکٹرز کی حاضری درج ذیل ہے۔

نمبر شمار	نام ڈائریکٹر	اجلاس میں شریک ہونے کی تعداد
1-	جناب محمد شریف	4
2-	جناب محمد زاہد	4
3-	مسماٹ شائستہ بلقیس	2
4-	مسماٹ ہما زاہد	2
5-	مس مہرین زاہد	4
6-	برگنڈیر (ریٹائرڈ) ولی محمد	4
7-	جناب محمد جمشید	2
8-	جناب احمد زاہد	2
9-	جناب سجاد حسین شاہ	2
10-	جناب فیصل مسعود افضل	2

ممبران کیلئے ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے آڈیٹڈ مالیاتی سٹیٹمنٹ اختتامی سال جون ۲۰۱۹ء آپ کو پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔

چائنہ

مالیاتی سال 2018-19 کمپنی کے لئے کامیاب کارکردگی کا سال رہا جس میں منافع اور نمو کے مشکل اہداف حاصل کئے گئے۔ اس کامیابی کی بنیادی وجوہات میں کمپنی کی مصنوعات میں جدت، مارکیٹ میں بہتر داخلہ، لاگت کا بہتر انتظام اور تسلسل کے ساتھ پیداوار گنجائش میں اضافہ شامل ہے۔ پیداوار کی گنجائش میں اضافے کے ساتھ معیار میں بہتری کے لئے سرمایہ جاتی منصوبہ بندی اور تجزیاتی مارکیٹنگ کے ذریعے کمپنی کی صلاحیت میں مزید اضافہ ہوا۔

مالی کارکردگی

2019	2018	
روپے	روپے	
744,403,700	574,963,691	قبل از ٹیکس منافع
37,255,097	249,035,886	ٹیکس کیلئے مختص
781,658,797	325,927,805	سالانہ منافع
4.08	1.70	آمدنی فی کس حصہ

کمپنی پائیدار نمو کے راستے کے لئے پر عزم ہے اور اسے مکمل یقین ہے کہ وہ اسی راستے پر گامزن ہے اور اس مقصد کے لئے مصنوعات میں بہتری کے لئے کوشاں ہے۔ یہ مقاصد و مسائل پر توجہ مرکوز کرتے ہوئے کاروباری استعداد میں ترقی، لاگتوں کے ڈھانچے میں بہتری، ترقی پر ڈیولپمنٹس کے نفاذ اور کاروباری پیمانوں کو مضبوط کرنے کی وجہ سے حاصل ہوئے۔ ان کوششوں کے نتیجے میں کمپنی کی خالص فروخت سال کے دوران 13.444 بلین روپے رہی جو کہ گزشتہ سال کی بہ نسبت 30 فیصد اضافہ کی عکاسی کرتی ہے۔ فروخت میں بہتری کے ساتھ لاگتوں میں مستعد کمی، مصنوعات کا بہتر مرکب اور دیگر کاروباری استعداد کی وجہ سے سال کے دوران فروخت اور منافع میں اضافہ ہوا۔ جس کے نتیجے میں کمپنی کا قبل از ٹیکس خالص منافع 744.403 ملین روپے کی بلند ترین سطح تک پہنچ گیا۔ خالص منافع بعد از ٹیکس 781.658 ملین روپے رہا جس سے گزشتہ سال کی بہ نسبت 144 فیصد اضافہ کی عکاسی ہوتی ہے۔ اس کی وجہ سے فی حصص آمدن (EPS) گزشتہ سال کے 1.70 روپے کے مقابلے میں بڑھ کر 4.08 روپے ہو گئی۔

منافع اور تخصیص

2019	2018	
781,658,797	325,927,805	خالص منافع بعد ٹیکس
121,683,230	54,508,634	اضافی آمدنی کی تفصیل
903,342,027	380,436,439	
1,269,101,864	979,818,325	آگے لایا گیا غیر تخصیص شدہ منافع
2,172,443,891	1,360,254,764	تخصیص کے لیے موجود منافع

نقد منافع سال 2017-2018

(66,997,385)	-	مالی سال 2017-2018 کے لیے نقد منافع حساب 3.5%
-	(91,152,900)	سال 2016-2017 بونٹس شیرز ہر دس کے بدلے ایک
2,105,446,507	1,269,101,864	غیر تخصیص شدہ منافع آگے بھیجا

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Annual Report 2019

FINANCIAL HIGHLIGHTS

	2019	2018	2017	2016	2015	2014
	(Rupees in Thousand)					
Net Assets Employed						
Fixed assets	6,083,842	6,204,294	5,525,529	4,732,497	4,147,639	3,864,008
Intangible assets	1,123	1,969	3,181	5,414	3,354	4,795
Investment in subsidiary	359,200	359,200	359,200	359,200	-	-
Long term deposits	4,476	4,450	4,450	4,450	4,450	4,344
Current assets	4,696,860	4,810,746	3,256,897	2,309,844	2,050,816	1,925,251
Current liabilities	(4,045,774)	(4,729,949)	(3,564,381)	(2,867,811)	(2,200,559)	(1,745,107)
	651,085	80,797	(307,484)	(557,967)	(149,742)	180,145
Long term liabilities	(1,185,062)	(1,479,684)	(743,227)	(601,918)	(372,313)	(665,297)
Net Assets	5,914,664	5,171,025	4,841,649	3,941,677	3,633,388	3,387,994
Represented By						
Paid up capital	1,914,211	1,914,211	1,823,058	1,657,326	1,274,866	1,274,866
Reserves	2,771,705	1,935,360	1,646,077	1,578,251	1,635,886	1,374,957
Revaluation surplus	1,228,748	1,321,454	1,372,514	706,100	722,636	738,171
	5,914,664	5,171,025	4,841,649	3,941,677	3,633,388	3,387,994
Operating Results						
Sales	13,444,689	10,329,177	7,968,112	6,699,200	6,676,002	5,985,119
Gross profit	1,461,704	1,034,163	808,574	658,976	565,855	763,233
Operating profit	1,466,586	1,075,465	834,489	692,134	577,861	844,790
Profit before taxation	744,404	574,964	414,417	321,161	144,631	443,795
Financial Ratios						
Gross profit %	10.87	10.01	10.15	9.84	8.48	12.75
Operating profit %	10.91	10.41	10.47	10.33	8.66	14.11
Profit/(loss) before taxation %	5.54	5.57	5.20	4.79	2.17	7.41
Earning / (Loss) per share (Rs.)	4.08	1.70	1.19	1.86	1.91	4.25
Current ratio	1.16	1.02	0.91	0.81	0.93	1.10
Fixed assets turnover (times)	2.21	1.66	1.44	1.42	1.61	1.55
Debt equity ratio	0.12:1	0.15:1	0.09:1	0.14:1	0.10:1	0.16:1
Book value per share (Rs.)	24.48	20.11	19.03	19.52	22.83	20.79
Plant capacity and production						
Spinning						
Spindles installed/worked (Nos)	93,024	93,024	75,552	67,104	67,104	42,192
Actual production converted into 20/s count (Kgs. In million)	34.29	33.85	31.45	27.26	21.58	15.71
Weaving						
Number of looms installed/worked(Nos)	280	280	280	280	280	280
Actual production converted into 60 picks (Square Meters)	34,031,554	36,352,135	35,698,954	37,811,480	36,238,488	36,275,978

To the members of Zahidjee 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 Zahidjee Textile Mills Limited for the year ended June 30, 2019 in accordance with the requirements of regulations 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 part of our audit of 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 control or to form an opinion on 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 the recommendations 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 Regulations as applicable to the Company for the year ended June 30, 2019.

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Dated: October 05, 2019
Lahore

**Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017
ZAHIDJEE TEXTILE MILLS LIMITED
For the year ended June 30, 2019**

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

1. The total number of directors are seven as per the following:

Gender	Number
Male	6
Female	1

2. The composition of the Board of Directors as at June 30, 2018 is as follows:

Category	Names
Independent Director	Brig (R) Wali Muhammad Mr. Sajjad Hussain Shah Mr. Faisal Masood Afzal
Executive Director	Mr. Muhammad Zahid Mst. Mahreen Zahid Mr. Ahmad Zahid
Non-Executive Directors	Mr. Muhammad Sharif

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 Chairperson 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. In terms of Regulation 20 of the COCG Regulation 2017, the Companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2021. Presently, Three (3) directors of the Company meet the exemption requirement of the Director's Training Program (DTP). The remaining Four (4) directors shall obtain certification under the DTP in due course of time.
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

- | | | |
|----------------------------|----------------------|------------|
| . Brig (R) Wali Muhammad, | Independent Director | (Chairman) |
| . Mr. Sajjad Hussain Shah, | Independent Director | (Member) |
| . Mr. Faisal Masood Afzal, | Independent Director | (Member) |

b. Human Resource & Remuneration Committee

- | | | |
|----------------------------|------------------------|------------|
| . Mr. Ahmad Zahid, | Non-Executive Director | (Chairman) |
| . Mr. Faisal Masood Afzal, | Independent Director | (Member) |
| . Ms. Mahreen Zahid, | Executive Director | (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 of the committee were as per following:
- Audit Committee: Four quarterly meetings during the financial year ended June 30, 2019.
 - HR and Remuneration Committee: Four quarterly meetings during the financial year ended June 30, 2019.
15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review 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 5, 2019



MUHAMMAD SHARIF
Chairman

INDEPENDENT AUDITOR'S REPORT**To the members of Zahidjee Textile Mills Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of Zahidjee Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2019 and the statement of profit or loss, 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, the 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 state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, 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 Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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:

Key Audit Matters	How our audit addressed the key audit matter
Investment in Subsidiary	
<p>The Company has made investment of Rs. 359.20 million in shares of Zahidjee Towers (Private) Limited (a subsidiary). The investment was made in the year 2015. The object of the subsidiary is to establish a Hotel. The purpose of the investment is to diversify the business as well as earn profits from hotel business. The decision to make investment was taken on the basis of judgment of the management that implementation time will be about three years by which the investment was projected to start paying return on investment. The Subsidiary has not started commercial activity since its incorporation in 2015.</p> <p>There is significant uncertainty in management's judgment therefore; we have identified this as a key audit matter.</p>	<p>In response to this matter, our audit procedures included:</p> <ul style="list-style-type: none"> - Inquiries of management, review of minutes of Board meeting and obtaining specific representations from Company's management regarding future plans about investment in subsidiary. - Assessed the adequacy and presentation of disclosures of investment in subsidiary in financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Boards of Director 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, the statement of 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 Syed Ali Adnan Tirmizey.

**RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS**

Place: Lahore

Date:

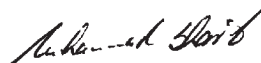
**ZAHIDJEE TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	3	6,083,842,156	6,204,293,855
Intangible assets	4	1,122,691	1,968,512
Investment in subsidiary	5	359,200,000	359,200,000
Long term security deposits		4,476,224	4,450,142
		6,448,641,071	6,569,912,509
CURRENT ASSETS			
Stores, spares and loose tools	6	154,006,894	113,884,208
Stock in trade	7	2,604,242,302	2,987,053,124
Trade debts	8	1,231,079,982	971,774,514
Loans, advances and deposit	9	91,503,251	161,680,474
Prepayments		31,027,305	1,395,389
Other receivables	10	71,311,336	103,945,845
Short term investment	11	72,984,572	87,690,721
Tax refunds due from Government	12	357,244,603	358,543,569
Cash and bank balances	13	83,459,305	24,778,023
		4,696,859,550	4,810,745,867
CURRENT LIABILITIES			
Trade and other payables	14	404,701,777	781,924,356
Interest / mark up payable	15	82,218,408	54,769,323
Short term borrowings	16	3,215,569,584	3,598,814,126
Unclaimed dividend		1,204,621	1,763,009
Current portion of long term finance	17	187,575,041	195,391,429
Provision for taxation - income tax	30	154,504,721	97,287,034
		4,045,774,152	4,729,949,277
		7,099,726,469	6,650,709,099
NON - CURRENT LIABILITIES			
Long term finance	17	790,419,327	927,898,534
Deferred liability			
Deferred taxation	18	394,642,812	551,785,282
		1,185,062,139	1,479,683,816
CONTINGENCIES AND COMMITMENTS			
	19	-	-
Net worth		5,914,664,330	5,171,025,283
Represented by :			
Share capital	20	1,914,210,990	1,914,210,990
Capital reserves			
Merger reserve		366,258,513	366,258,513
Surplus on revaluation of property, plant and equipment	21	1,228,748,321	1,321,453,916
Revenue reserves		2,405,446,506	1,569,101,864
		5,914,664,330	5,171,025,283
		5,914,664,330	5,171,025,283

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

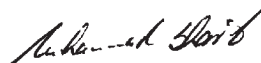
**ZAHIDJEE TEXTILE MILLS LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
Sales	22	13,444,689,298	10,329,176,502
Cost of sales	23	11,982,985,770	9,295,013,528
Gross profit		1,461,703,528	1,034,162,974
Trading profit	24	74,353	12,709,918
Other income	25	4,808,183	28,592,315
		1,466,586,064	1,075,465,207
Distribution cost	26	119,098,299	118,951,254
Administrative expenses	27	127,521,225	125,250,071
Other operating expenses	28	86,994,130	32,407,058
Finance cost	29	388,568,710	223,893,133
		722,182,364	500,501,516
Profit before taxation		744,403,700	574,963,691
Provision for taxation	30	(37,255,097)	249,035,886
Profit for the year		781,658,797	325,927,805
Earnings per share - Basic and diluted	31	4.08	1.70

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

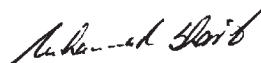
ZAHIDJEE TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
Profit for the year	781,658,797	325,927,805
Items that will not be subsequently reclassified to profit or loss :		
Incremental depreciation on revalued assets for the year - net of deferred tax	79,276,749	41,463,917
Related deferred tax	22,399,736	11,859,090
	101,676,485	53,323,007
Surplus realised on disposal		
of property, plant and equipment	15,150,420	859,512
Related deferred tax	4,856,325	326,115
	20,006,745	1,185,627
Total comprehensive income for the year	903,342,027	380,436,439

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ZAHIDJEE TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	744,403,700	574,963,691
Adjustment for:		
Depreciation of property, plant and equipment	543,208,171	253,071,480
Amortisation of intangible assets	845,821	1,212,586
Profit on deposits	(103,840)	(49,036)
Provision for doubtful debts	7,952,217	22,600,585
Balances written back	(134,614)	(190,224)
Net loss on disposal of operating assets	32,334,831	2,177,119
Dividend income	(4,045,708)	(6,068,562)
Adjustment in fair value	14,706,149	(20,835,396)
Finance cost	388,568,710	223,893,133
Operating cash flows before working capital changes	<u>1,727,735,437</u>	<u>1,050,775,376</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(40,122,686)	24,616,727
Stock in trade	382,810,822	(1,173,657,833)
Trade debts	(267,257,685)	(307,027,911)
Loans, advances and deposit	62,044,317	(48,324,577)
Prepayments	(29,631,915)	(504,615)
Other receivables	32,634,509	(80,850,837)
Tax refunds due from Government	37,259,103	50,944,644
(Decrease) / increase in current liabilities		
Trade and other payables	(377,087,965)	137,193,361
	<u>(199,351,500)</u>	<u>(1,397,611,041)</u>
Cash generated from / (used in) operating activities	<u>1,528,383,937</u>	<u>(346,835,665)</u>
Finance cost paid	(361,119,625)	(222,635,985)
Income tax paid	(61,519,282)	(59,863,274)
Net cash generated from / (used in) operating activities	<u><u>1,105,745,030</u></u>	<u><u>(629,334,924)</u></u>

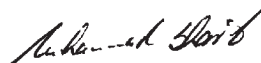
24 ZAHIDJEE TEXTILE MILLS LIMITED
Annual Report 2019

	2019 Rupees	2018 Rupees
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in:		
Property, plant and equipment	(460,836,704)	(935,659,676)
Proceeds from disposal of operating assets	5,745,400	1,646,000
Profit on deposits	103,840	49,036
Dividend received	4,045,708	-
Long term security deposits	(26,082)	-
Net cash (used in) investing activities	(450,967,838)	(933,964,640)
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained	74,019,750	756,855,354
Repayment of long term finance	(219,315,345)	(235,620,542)
(Decrease) / Increase in short term borrowings - net	(383,244,542)	1,009,976,913
Dividend paid	(66,997,385)	-
Unclaimed dividend paid	(558,388)	-
Net cash (used in) / generated from financing activities	(596,095,910)	1,531,211,725
Net increase / (decrease) in cash and cash equivalents (a+b+c)	58,681,282	(32,087,839)
Cash and cash equivalents at the beginning of the year	24,778,023	56,865,862
Cash and cash equivalents at the end of the year	83,459,305	24,778,023

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**ZAHIDJEE TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019**

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	CAPITAL RESERVE			REVENUE RESERVES			Total
		Merger reserve	Surplus on revaluation of property, plant and equipment	Sub total	General reserve	Unappropriated profit	Sub total	
Balance as at June 30, 2017 re-stated	1,823,058,090	366,258,513	1,372,514,179	1,738,772,692	300,000,000	979,818,325	1,279,818,325	4,841,649,107
Transaction with owners								
Bonus shares issued during the year (One share for each twenty shares held)	91,152,900	-	-	-	-	(91,152,900)	(91,152,900)	-
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	325,927,805	325,927,805	325,927,805
Other comprehensive income								
Items that will not be subsequently reclassified to profit or loss :								
Incremental depreciation on revalued assets for the year	-	-	(53,323,007)	(53,323,007)	-	41,463,917	41,463,917	(11,859,090)
Related deferred tax	-	-	11,859,090	11,859,090	-	11,859,090	11,859,090	23,718,180
Surplus realised on disposal of property, plant and equipment	-	-	(1,185,627)	(1,185,627)	-	859,512	859,512	(326,115)
Related deferred tax	-	-	326,115	326,115	-	326,115	326,115	652,230
	-	-	(42,323,429)	(42,323,429)	-	54,508,634	54,508,634	12,185,205
Adjustment of deferred tax for the year	-	-	(8,736,834)	(8,736,834)	-	-	-	(8,736,834)
Balance as at June 30, 2018	1,914,210,990	366,258,513	1,321,453,916	1,687,712,429	300,000,000	1,269,101,864	1,569,101,864	5,171,025,283
Transaction with owners								
Dividend paid (Rs. 0.35 per share of Rs. 10 each)	-	-	-	-	-	(66,997,385)	(66,997,385)	(66,997,385)
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	781,658,797	781,658,797	781,658,797
Other comprehensive income								
Items that will not be subsequently reclassified to profit or loss :								
Incremental depreciation on revalued assets for the year	-	-	(101,676,485)	(101,676,485)	-	79,276,749	79,276,749	(22,399,736)
Related deferred tax	-	-	22,399,736	22,399,736	-	22,399,736	22,399,736	44,799,472
Surplus realised on disposal of property, plant and equipment	-	-	(20,006,745)	(20,006,745)	-	15,150,420	15,150,420	(4,856,325)
Related deferred tax	-	-	4,856,325	4,856,325	-	4,856,325	4,856,325	9,712,650
	-	-	(94,427,169)	(94,427,169)	-	121,683,230	121,683,230	27,256,061
Adjustment of deferred tax for the year	-	-	1,721,574	1,721,574	-	-	-	1,721,574
Balance as at June 30, 2019	1,914,210,990	366,258,513	1,228,748,321	1,595,006,834	300,000,000	2,105,446,506	2,405,446,506	5,914,664,330

Note - 21

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

**ZAHIDJEE TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019****1. GENERAL INFORMATION**

- 1.1** Zahidjee Textile Mills Limited (the Company) is incorporated in Pakistan on July 17, 1990 as a public limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act 2017 on May 30, 2017). The registered office of the Company is situated at 2-H Jail Road, Gulberg II, Lahore in the province of Punjab. The Company is listed on Pakistan Stock Exchange Limited. The principal business of the Company is export of all kinds of value added fabrics and textile made-ups. The Company is also engaged in the business of manufacturing and sale of yarn. The weaving unit is located at 32-KM, Tandlianwala Road, Satyana, District Faisalabad and spinning units are located at 32-KM, Sheikhpura Road, Faisalabad and M-3 Industrial Estate, Faisalabad, in the province of Punjab.
- 1.2** Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Zahidjee Fabrics Limited were merged with the assets, liabilities and reserves of Zahidjee Textile Mills Limited with effect from July 01, 2006.
- 1.3** The financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES**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 (IFRSs) 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)**2.2.1 Standards, amendments to standards and interpretations becoming effective in current year**

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2018 and therefore, have been applied in preparing these financial statements.

- IFRS 9 Financial Instruments (2014):

IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely

payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

As per notification by the SECP this standard is effective for annual periods ending on or after June 30, 2019.

The changes laid down by this standard do not have any significant impact on the Company's financial statements.

- **IFRS 15 Revenue from Contracts with Customers:**

In the current year, the company has applied IFRS-15 "Revenue from Contracts with Customers (as amended in April 2016)".

This standard was notified by the Securities and Exchange Commission of Pakistan ('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 Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted 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 not material. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

The changes laid down by this standard do not have any significant impact on the Company's financial statements.

- **IFRIC 22 Foreign currency transactions and advance consideration :**

This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. . The Company's accounting treatment is already in line with this interpretation.

The application of this amendment has no impact on the Company's financial statements.

2.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant.

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2018 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

2.2.3 Standards, amendments to standards and interpretations becoming effective in future periods.

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

- **IFRS 16 Leases**

This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Company is yet to assess the full impact of this standard.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of standard is not expected to have any material impact on the Company's financial statements.

- **IAS 19 Employee Benefits on plan amendment, curtailment or settlement:**

These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Company is yet to assess the full impact of this amendment.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of standard is not expected to have any material impact on the Company's financial statements.

- **IFRIC 23 Uncertainty over Income Tax Treatments:**

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The company is yet to assess the full impact of the IFRIC. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

This IFRIC is effective for accounting period beginning on or after January 01, 2019. The application of IFRIC is not expected to have any material impact on the Company's financial statements.

- **Annual improvements 2014-2016**

Annual Improvements to IFRSs through 2014-2016 cycle have been issued by IASB on December 08, 2016, amending the following standards;

IAS 28: Investments in Associates and Joint Ventures.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of amendments is not expected to have any material impact on the Company's financial statements.

- **Annual improvements 2015-2017**

Annual Improvements to IFRSs through 2015-2017 cycle have been issued by IASB in December 2017, amending the following standards;

IFRS 3: Business Combinations - Re-measurement of previously held interest.

IFRS 11: Joint Venture - Re-measurement of previously held interest.

IAS 12: Income Taxes – Income Tax consequences of dividends.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of amendments is not expected to have any material impact on the Company's financial statements.

2.2.4 Standards, amendments to standards and interpretations becoming effective in future period but not relevant.

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

2.3 Basis of preparation

The financial statements have been prepared under the historical cost convention except: -

- Certain property, plant and equipment carried at valuation.
- Short term investments measured at fair value.

2.4 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost / valuation less accumulated depreciation and impairment in value, if any. Freehold land and capital

work in progress are stated at valuation, cost less accumulated impairment in value, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in property, plant and equipment note 3.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition or capitalisation and upto the month preceding the disposal respectively.

When parts of an item of property, plant and equipment have different useful lives, they are recognised as a separate item of property, plant and equipment.

Normal repair and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of assets, if any, are recognised as and when incurred.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

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

2.5 Intangible assets

These are stated at cost less accumulated amortisation and impairment in value, if any. Intangible assets are amortised over a period of five years using straight line method.

Amortisation on additions during the year is charged from the month in which an asset is acquired or capitalised.

All costs / expenditure connected with software implementation are collected in computer softwares under implementation. These are carried at cost less impairment in value, if any and are transferred to specific assets as and when assets are available for intended use.

2.6 Investment in subsidiary

Investment in subsidiary company is measured at cost. Provision for diminution in value is made if considered permanent.

2.7 Investments

Investments are initially recognised / derecognised on trade date at cost being the fair value of consideration given including cash transaction. Trade date is the date that the Company commits to purchase or sell the investment. After initial recognition these are recognised and accounted for as follows:

Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Gain / loss on sale of investments is taken to income in the period in which it arises.

Investments at fair value through profit or loss

These are the investments which are classified as held for trading and are acquired principally for the purpose of generating profit from short term fluctuation in price. Investments designated at fair value through profit or loss upon initial recognition also include those group of investments which are managed and their performance evaluated on fair value basis in accordance with the Company's documented investment strategy.

After initial recognition, such investments are remeasured at fair value determined with reference to the year end quoted rates (equity shares and investments in units of closed end funds at respective stock exchange rates, while the units of open end funds at their declared net asset value per unit). Gains or losses on remeasurments of these investments are recognised in the statement of profit or loss.

2.8 Impairment

The Company assesses at each statement of financial position date whether there is any indication that assets except deferred tax assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of profit or loss, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.9 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.10 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

2.11 Stock in trade

Stock in trade except wastes are valued at the lower of cost and net realisable value. Cost is

determined as follows:

Raw material	Weighted average cost except items in transit which are valued at cost accumulated upto the statement of financial position date.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sales. Average manufacturing cost represents cost of direct materials, labour and appropriate manufacturing overheads.

2.12 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified. Other receivables are carried at nominal amount which is the fair value of the consideration to be received in future.

2.13 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

2.14 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed to the Company or not.

2.15 Provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

2.16 Provision for taxation

Current taxation

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available under the law.

Deferred taxation

Deferred tax is provided using the liability method for all temporary differences at the statement of financial position date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release

– 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax is charged or credited in the income statement, except in case of items charged or credited to equity in which case it is included in equity.

2.17 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

2.18 Foreign currency translation

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

2.19 Financial Instruments

2.19.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

- Financial assets at amortised cost

Financial assets at amortised cost are 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. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is 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.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is

recognised in profit or loss in the period in which it arises.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets are measured at fair value at initial recognition and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

2.20 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, 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 and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

2.21 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the Company has a legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sale of goods is recognised at a point in time when control of goods is transferred to customers.

Revenue from conversion receipts is recognised when services are rendered.

Interest income is recognized on time proportionate basis.

Dividend income from investments is recognised when the Company's right to receive payment has been established except dividend from associate accounted for using equity method which is recognised as a reduction of the carrying value of investment when the Company's right to receive payment has been established.

2.23 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IASs / IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory, staff retirement gratuity and taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3. Property, plant and equipment

Note	2019 Rupees	2018 Rupees
3.1	5,670,179,524	6,015,352,863
3.7	304,454,328	135,894,269
3.8 & 3.9	16,203,950	16,203,950
	92,300,354	35,662,080
	704,000	1,180,693
	6,083,842,156	6,204,293,855

3.1 Operating assets

	Freehold land (Note 4.5)	Building on freehold land	Plant and machinery	Electric installations	Factory equipment	Office equipment	Electric appliance	Furniture and fittings	Vehicle	Total
Rupees										
At July 01, 2017										
Cost valuation	681,705,312	1,242,679,143	3,130,727,805	152,918,920	35,284,977	17,590,301	10,813,742	7,156,830	64,067,887	5,342,944,917
Accumulated depreciation	-	-	-	(88,988,195)	(10,357,765)	(7,546,351)	(2,479,494)	(3,465,673)	(31,547,690)	(124,385,168)
Net book value	681,705,312	1,242,679,143	3,130,727,805	83,930,725	24,927,212	10,043,950	8,334,248	3,691,157	32,520,197	5,218,559,749
Year ended June 30, 2018										
Opening net book value	681,705,312	1,242,679,143	3,130,727,805	83,930,725	24,927,212	10,043,950	8,334,248	3,691,157	32,520,197	5,218,559,749
Additions	-	-	815,498,011	13,602,304	1,457,739	219,353	1,181,080	406,160	2,265,650	834,590,297
Transfer from capital work in progress	-	205,888,979	13,208,438	-	-	-	-	-	-	219,097,417
Disposals:	-	-	(3,864,640)	-	-	-	-	-	(471,500)	(4,336,140)
Cost	-	-	95,719	-	-	-	-	-	417,302	513,021
Accumulated depreciation	-	-	(3,768,921)	-	-	-	-	-	(54,198)	(3,823,119)
Depreciation charge	-	(66,423,311)	(166,026,234)	(9,063,788)	(2,674,906)	(1,011,088)	(863,237)	(395,931)	(6,612,886)	(253,071,481)
Closing net book value	681,705,312	1,382,144,811	3,789,599,099	88,469,241	23,710,045	9,252,215	8,652,091	3,701,386	28,118,663	6,015,352,863
At June 30, 2018										
Cost valuation	681,705,312	1,448,588,122	3,955,529,614	166,521,224	36,742,716	17,809,654	11,994,822	7,562,980	65,862,037	6,392,296,491
Accumulated depreciation	-	(66,423,311)	(165,930,515)	(78,051,983)	(13,032,671)	(9,557,439)	(3,342,731)	(3,861,604)	(37,743,374)	(376,943,628)
Net book value	681,705,312	1,382,144,811	3,789,599,099	88,469,241	23,710,045	9,252,215	8,652,091	3,701,386	28,118,663	6,015,352,863
Year ended June 30, 2019										
Opening net book value	681,705,312	1,382,144,811	3,789,599,099	88,469,241	23,710,045	9,252,215	8,652,091	3,701,386	28,118,663	6,015,352,863
Additions	-	1,908,279	187,849,557	6,197,873	25,248,208	3,117,388	1,382,415	960,090	8,836,244	235,500,064
Transfer from capital work in progress	-	615,000	-	-	-	-	-	-	-	615,000
Disposals:	-	-	(44,936,912)	(2,938,130)	-	(107,014)	(67,632)	-	-	(48,049,688)
Cost	-	-	8,191,254	1,673,361	-	74,588	30,253	-	-	9,989,456
Accumulated depreciation	-	-	(36,745,658)	(1,264,769)	-	(32,426)	(37,379)	-	-	(38,080,231)
Depreciation charge	-	(138,126,557)	(383,471,080)	(9,094,668)	(4,089,928)	(1,051,548)	(905,312)	(423,423)	(6,045,655)	(543,208,171)
Closing net book value	681,705,312	1,246,541,533	3,557,231,918	84,307,677	44,868,325	11,285,639	9,091,815	4,238,053	30,909,252	5,670,179,525
At June 30, 2019										
Cost valuation	681,705,312	1,451,091,401	4,088,442,259	169,780,967	61,990,924	20,820,038	13,309,005	8,523,080	74,698,281	6,580,361,867
Accumulated depreciation	-	(204,549,868)	(541,210,341)	(85,473,290)	(17,122,599)	(9,534,399)	(4,217,790)	(4,285,027)	(43,789,029)	(910,182,343)
Net book value	681,705,312	1,246,541,533	3,557,231,918	84,307,677	44,868,325	11,285,639	9,091,815	4,238,053	30,909,252	5,670,179,525
Annual rate of depreciation (%)	-	10	10	10	10	10	10	10	20	-

3.1.1 During the year, the management has revised the estimate of useful life of building on freehold land and plant and machinery under IAS 16 "Property, plant and equipment". The above mentioned revisions have been accounted for as change in accounting estimates in accordance with the requirements of IAS-8 "Accounting Policies, Changes in accounting estimates and Errors". Accordingly the effect of change in accounting estimates has been recognised prospectively in the profit and loss account of the current year. Had there been no change in this accounting estimate, the profit for the year and carrying value of property, plant and equipment and equity would have been higher by Rs. 264.16 million.

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	Note	2019 Rupees	2018 Rupees
3.2 Depreciation for the year has been allocated as under:			
Cost of sales	23.1	534,907,515	245,213,497
Administrative expenses	27	8,300,656	7,857,983
		<u>543,208,171</u>	<u>253,071,481</u>

3.3 Had there been no revaluation, the carrying values of freehold land, building on freehold land and plant and machinery at June 30, 2019 and 2018 would have been as follows:

	Carrying value	
	2019 Rupees	2018 Rupees
Freehold land	149,477,863	149,477,863
Building on freehold land	1,167,680,229	1,294,758,878
Plant and machinery	2,743,013,951	2,862,031,994
	<u>4,060,172,043</u>	<u>4,306,268,735</u>

3.4 The forced sale value of revalued freehold land, building on freehold land and plant and machinery is Rs. 3,860,421,372/-.

3.5 Detail of disposal of operating assets

2019					
Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars of buyers
Rupees					
Plant and machinery (by negotiation)	5,320,956	854,353	4,469,603	250,000	Al Afzal Traders Makoana main Bazar jarranwala road FSD
	5,103,910	816,626	4,287,284	200,000	Akbar Alii shop No # 231 Stadium road FSD
	394,978	54,309	340,669	225,000	Shaukat Basra office No. B-21 maqbool road FSD
	133,247	24,318	108,929	89,953	Al Huda Scrap dealer Nankana road Shahkot.
	1,469,222	268,133	1,201,089	1,119,319	Shabbir and sons shadra market Mushtaq palaza ground floor Batti chowk Lahore
	167,778	30,619	137,158	122,148	AA Traders, jinnah colony, Faisalabad.
	32,346,821	6,145,896	26,200,925	3,600,000	Latif Choke House # 465 Ghulam Muhammad Abad Block A Faisalabad
	44,936,912	8,191,254	36,745,657	5,606,420	
Office Equipment (by negotiation)	107,014	74,588	32,426	18,580	Faisal Kabbar Jalvi market FSD
	107,014	74,588	32,426	18,580	

2019					
Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars of buyers
Rupees					
Electric installations	2,938,130	1,673,361	1,264,769	104,500	Asghar computer and accessories House Millat chowk hussaini market FSD
Electric appliances	35,500	14,344	21,156	8,900	Ali meer shop No. 41 bholle di jughi Sargodha road nera larri adda. FSD
	32,132	15,910	16,223	7,000	Haji bashir AC fitter Nigheban pura main market. FSD
	67,632	30,254	37,379	15,900	
	48,049,688	9,696,457	38,080,230	5,745,400	

2018					
Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars of buyers
Rupees					
Plant and machinery (by negotiation)	3,390,732	84,769	3,305,963	534,000	Mr. Shfaqat Ali, Kabbar Market, Dar-ul-Ihsan Town, Summadri Road, Faisalabad.
	107,647	1,794	105,853	100,000	Allah Hoo Engineering Works, Samundri Road, Faisalabad.
	366,261	9,157	357,104	600,000	Abdul Hafeez, Dar-ul-Ahsan Town, Samundri Road, Faisalabad.
	3,864,640	95,719	3,768,921	1,234,000	
Vehicles (by negotiation)	16,500	8,020	8,480	12,000	Mr. Alam Sher, Chak No. 258 Tibbah, Toba Tak Singh.
	455,000	409,282	45,718	400,000	Mr. Rasheed Ahmed, Chak No. 239, Kror Laali, P/O 241, Layyah.
	471,500	417,302	54,198	412,000	
	4,336,140	513,021	3,823,119	1,646,000	

3.6 Particulars of immovable property (i.e. land and building) in the name of the Company are as follow

Location	Usage of immovable property	Total Area (in square foot)
a) 32-KM, Sheikhpura Road, Faisalabad.	Spinning unit and power house	660,752
b) 32-KM, Tandlianwala Road, Faisalabad.	Weaving unit	628,899
c) Raja Bolay, Tehsil Cantt, District Lahore.	Godown	1,971,094
d) Plot # 6, M-3 Industrial Estate, Faisalabad.	Spinning unit and power house	756,856
e) 20, Bilal Road, Civil Lines, Faisalabad.	Office	49,550
f) 20-B, Race Course Road, Civil Lines, Faisalabad.	Office	10,890
g) Small industrial Estate Road, Faisalabad.	Export house	11,707

3.7 Capital work in progress

	Civil work	Plant and machinery	Total
		Rupees	
Balance as at July 1, 2017	293,070,504	-	293,070,504
Additions	47,832,724	14,088,458	61,921,182
Transfer to operating assets	(205,888,979)	(13,208,438)	(219,097,417)
Balance as at June 30, 2018	135,014,249	880,020	135,894,269
Additions	71,915,354	97,259,705	169,175,059
Balance as at June 30, 2019	(615,000)	-	(615,000)
	206,314,603	98,139,725	304,454,328

3.8 It represents land held for future expansion.

3.9 Particulars of immovable property (i.e. non- operating land) in the name of the Company are as follows:

Location	Usage of immovable property	Total Area (in square foot)
a) Raja Bolay, Tehsil Cantt, District Lahore.	Land held for future expansion	69,404
b) Deve Khurd Kalan, Tehsil Model Town, District Lahore.	Land held for future expansion	14,974

4. Intangible assets

Computer software and license

	Note	2019 Rupees	2018 Rupees
Cost		11,164,402	11,164,402
Accumulated amortisation		(10,041,711)	(9,195,890)
Written down value		1,122,691	1,968,512

4.1 Reconciliation of written down value

	Note	2019 Rupees	2018 Rupees
Opening written down value		1,968,512	3,181,098
Amortisation for the year	27	(845,821)	(1,212,586)
Closing balance		1,122,691	1,968,512

4.1.1 Amortisation rate is 20% per annum.

5. Investment in subsidiary

Zahidjee Towers (Private) Limited

35,920,000 (2018: 35,920,000) ordinary shares of Rs. 10/- each fully paid in cash. Ownership interest 54.39% (2017: 54.39%).

359,200,000	359,200,000
-------------	-------------

5.1 Zahidjee Towers (Private) Limited is incorporated in Pakistan on October 6, 2015 as a private limited company under the repealed Companies Ordinance, 1984. The principal object of Zahidjee Towers (Private) Limited is to provide all kinds of services related to the business of Hotels, Restaurants, Resorts, Motels. Registered office of the subsidiary is situated at 20 Bilal Road, Civil Lines, Faisalabad in the province of Punjab.

5.2 No provision for impairment has been made against investment in subsidiary as diminution in value is assessed to be temporary.

5.3 Investment in subsidiary company has been made in accordance with the requirements under the Companies Act, 2017.

	Note	2019 Rupees	2018 Rupees
6. Stores, spares and loose tools			
Stores		78,900,974	63,051,034
Spares	6.1	74,775,194	50,511,533
Loose tools		330,726	321,641
		<u>154,006,894</u>	<u>113,884,208</u>

6.1 Spares include items that may result in fixed capital expenditure but are not distinguishable.

	Note	2019 Rupees	2018 Rupees
7. Stock in trade			
Raw materials in hand	8.1	2,264,422,626	2,481,314,014
in transit		-	198,071,621
		2,264,422,626	2,679,385,635
Work in process		108,030,960	84,099,138
Finished goods	8.1	221,675,477	206,626,535
Waste		10,113,239	16,941,816
		<u>2,604,242,302</u>	<u>2,987,053,124</u>

7.1 Stock in trade amounting to Rs. 2,006.89 million (2018: Rs. 2,211.90 million) was pledged as security with the banking companies.

	Note	2019 Rupees	2018 Rupees
8. Trade debts			
Considered good			
Secured			
Foreign	8.1	65,720,240	40,020,753
Unsecured			
Foreign	8.1	323,752,504	228,780,907
Local		841,607,238	702,972,854
		1,165,359,742	931,753,761
Considered doubtful			
Unsecured			
Foreign	8.1	22,600,585	22,600,585
Less: Provision for doubtful debts		(22,600,585)	(22,600,585)
		-	-
Local		69,585,176	61,632,959
Less: Provision for doubtful debts		(69,585,176)	(61,632,959)
		-	-
		<u>1,231,079,982</u>	<u>971,774,514</u>

	Note	2019 Rupees	2018 Rupees
8.1 Following are the details of debtors in relation to export sales:			
Jurisdiction	Category		
Africa	Letter of credit	8,137,829	7,823,749
	Cash against documents	22,600,585	22,600,585
		30,738,414	30,424,334
Asia	Letter of credit	-	1,209,032
Europe	Letter of credit	22,336,231	16,418,382
	Cash against documents	61,938,068	25,161,038
		84,274,299	41,579,420
North America	Cash against documents	60,801,081	55,004,685
South America	Letter of credit	-	16,019,924
	Cash against documents	236,259,535	147,164,850
		236,259,535	63,184,774
		412,073,329	291,402,245
9. Loans, advances and deposit			
Considered good			
Advances			
Employees		2,611,289	175,983
Suppliers		33,705,965	88,685,956
For purchases and expenses		560,800	825,300
Income tax		52,640,652	60,773,558
Letters of credit fee and expenses		1,984,545	11,219,677
		91,503,251	161,680,474
10. Other receivables			
Considered good			
Export rebate / duty drawback		65,966,728	93,733,034
Receivable from subsidiary	10.1	800,000	800,000
Dividend receivable		-	5,158,278
Other		4,544,608	4,254,533
		71,311,336	103,945,845
10.1 It represents receivable in respect of expenses incurred for Zahidjee Towers (Private) Limited, a related party. There is no security for this receivable. It is past due since three years.			
		2019 Rupees	2018 Rupees
11. Short term investment			
Financial assets at fair value through profit or loss			
Quoted securities			
Habib Metropolitan Bank Limited			
2,022,854 (2018: 2,022,854)			
Ordinary shares of Rs.10/- each		87,690,721	66,855,325
Adjustment in fair value		(14,706,149)	20,835,396
		72,984,572	87,690,721
11.1 The fair value of short term investment is based on prices quoted in active markets which is level 1 of fair value hierarchy.			

	Note	2019 Rupees	2018 Rupees
12. Tax refunds due from Government			
Income tax		235,026,916	199,066,779
Sales tax		122,217,684	159,476,790
		357,244,603	358,543,569
13. Cash and bank balances			
Cash in hand		7,940,131	5,356,452
Cash at banks			
In current accounts		75,509,723	19,129,920
In PLS accounts	13.1	9,451	291,651
		83,459,305	24,778,023

13.1 Effective profit rate in respect of PLS accounts was 4.50% to 10.25% per annum (2018 : 3.75% to 3.87% per annum).

	Note	2018 Rupees	2017 Rupees
14. Trade and other payables			
Creditors		182,462,294	577,892,907
Accrued liabilities		139,666,798	101,200,711
Advance from customers		20,805,281	29,522,449
Payable to provident fund		7,615,773	6,296,082
Workers' profit participation fund	14.1	39,953,150	30,229,939
Withholding taxes		14,198,481	31,512,385
Others	14.2	-	5,269,883
		404,701,777	781,924,356
14.1 Workers' profit participation fund			
Opening balance		30,229,939	21,811,409
Interest on funds utilised in the Company's business		2,509,748	532,408
		32,739,687	22,343,817
Paid to workers on behalf of the fund		(32,739,687)	(22,343,817)
		-	-
Allocation for the year		39,953,150	30,229,939
		39,953,150	30,229,939

		2019 Rupees	2018 Rupees
15. Interest / mark up payable			
Interest / mark up payable on:			
Short term borrowings		68,805,709	40,732,504
Long term finance		13,412,699	14,036,819
		82,218,408	54,769,323

	Note	2019 Rupees	2018 Rupees
16. Short term borrowings			
Secured			
From banking companies			
Export finances	16.2	849,950,000	920,850,000
Running finances	16.2	165,329,623	331,116,803
Cash finances	16.3	1,951,195,847	2,207,889,291
Un-secured			
From directors and associates	16.4	249,094,114	138,958,032
		3,215,569,584	3,598,814,126

16.1 The aggregate unavailed short term borrowing facilities available to the Company are Rs. 3,618.25 million (2018 : Rs. 2,097.37 million).

16.2 These are secured against first joint parri passu charge and ranking charge over present and future current assets of the Company, ranking charge over fixed assets of spinning and weaving unit, lien on export documents and by personal guarantee of directors of the Company. These are subject to mark up at the rates of one month KIBOR plus 1% to 1.5% per annum, three months KIBOR plus 1% per annum (2018: one month KIBOR plus 1% to 1.5% per annum, three months KIBOR plus 1% to 3% per annum) and SBP rate plus 1% per annum (2018: SBP rate plus 1% per annum).

The effective rate of mark up charged during the year ranges from 3.00% to 14.88% per annum (2018: 3.00% to 10.52% per annum).

16.3 These are secured against pledge of cotton, polyester, yarn and grey cloth. These are further secured by personal guarantee of directors of the Company. These are subject to mark up at the rates of one month KIBOR plus 1% to 1.50% per annum and three months KIBOR plus 1% per annum (2018: one month KIBOR plus 1% to 1.25% per annum and three months KIBOR plus 1% per annum).

The effective rate of mark up charged during the year ranges from 11.99% to 14.29% per annum (2018: 7.13% to 7.92%).

16.4 These are interest free and obtained for meeting working capital requirements of the company.

	Note	2019 Rupees	2018 Rupees
17. Long term finance			
Secured			
From banking companies			
Under mark up arrangements			
Term finances	17.2	606,354,022	671,348,857
Demand finances	17.2	327,111,246	383,075,866
Diminishing Musharakah	17.2	44,529,100	68,865,240
		977,994,368	1,123,289,963
Less : Current portion			
Installments due		-	(37,500,000)
Payable within one year		(187,575,041)	(157,891,429)
		(187,575,041)	(195,391,429)
		790,419,327	927,898,534

17.1 Reconciliation of long term financing:

Balance as at July 1, 2018	1,123,289,963	602,055,151
Obtained during the year	74,019,750	756,855,354
	1,197,309,713	1,358,910,505
Paid during the year	(219,315,345)	(235,620,542)
Balance as at June 30, 2019	977,994,368	1,123,289,963

17.2 The terms of repayment of finances are as under;

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Nature of loans	Balance Rupees	Number of installments		Payment rests	Commencement date	Ending date	Markup rate
		Total	Balance				
Term finances							
I	12,847,800	12	3	Quarterly	9-May-17	9-Feb-20	3 Months KIBOR + 1.25% p.a
II	16,202,932	10	4	Quarterly	9-Jan-18	9-Apr-20	3 Months KIBOR + 1.25% p.a
III	42,649,806	16	7	Quarterly	25-Jun-17	25-Mar-21	SBP Rate + 1.5% p.a
IV	11,029,143	16	8	Quarterly	5-Aug-17	5-May-21	SBP Rate + 1.5% p.a
V	5,954,104	16	13	Quarterly	11-Oct-17	11-Jul-21	SBP Rate + 1.5% p.a
VI	36,729,281	16	10	Quarterly	13-Jan-18	13-Oct-21	SBP Rate + 1.5% p.a
VII	52,885,000	16	10	Quarterly	27-Jan-18	27-Oct-21	SBP Rate + 1.5% p.a
VIII	3,712,500	16	11	Quarterly	20-May-18	20-Feb-22	SBP Rate + 1.5% p.a
IX	6,574,195	16	6	Quarterly	31-Mar-17	31-Dec-20	SBP Rate + 1.5% p.a
X	24,259,583	36	33	Quarterly	5-Dec-18	5-Sep-27	SBP Rate + 1% p.a
XI	3,858,249	36	33	Quarterly	5-Dec-18	5-Sep-27	SBP Rate + 1% p.a
XII	5,822,668	36	33	Quarterly	5-Dec-18	5-Sep-27	SBP Rate + 1% p.a
XIII	45,268,666	36	33	Quarterly	5-Dec-18	5-Sep-27	SBP Rate + 1% p.a
XIV	21,119,084	36	33	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XV	3,673,082	36	33	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XVI	97,485,667	36	33	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XVII	44,323,583	36	33	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XVIII	53,685,056	36	34	Quarterly	6-Mar-19	6-Dec-27	SBP Rate + 1% p.a
XIX	44,525,250	36	36	Quarterly	7-Aug-19	7-May-28	SBP Rate + 1% p.a
XX	9,613,000	36	36	Quarterly	24-Jan-20	24-Oct-28	SBP Rate + 1% p.a
XXI	23,058,000	36	36	Quarterly	24-Jan-20	24-Oct-28	SBP Rate + 1% p.a
XXII	36,464,000	36	36	Quarterly	14-Feb-20	14-Nov-28	SBP Rate + 1% p.a
XXIII	4,613,374	36	34	Quarterly	4-Dec-19	25-Nov-27	SBP Rate + 1.5% p.a
	606,354,022						
Demand Finances							
I	16,615,415	36	35	Quarterly	6-May-19	6-Feb-28	SBP Rate + 2.5% p.a
II	3,547,639	36	35	Quarterly	23-Apr-19	23-Jan-28	SBP Rate + 2.5% p.a
III	51,892,556	36	35	Quarterly	6-May-19	6-Feb-28	SBP Rate + 2.5% p.a
IV	12,725,150	36	35	Quarterly	27-May-19	27-Feb-28	SBP Rate + 2.5% p.a
V	7,310,300	36	36	Quarterly	12-Jul-19	12-Apr-28	SBP Rate + 2.5% p.a
VI	101,573,889	36	35	Quarterly	7-Apr-19	7-Jan-28	SBP Rate + 2.5% p.a
VII	3,588,890	36	34	Quarterly	1-Mar-19	5-Dec-27	SBP Rate + 2.5% p.a
VIII	6,073,725	36	34	Quarterly	12-Feb-19	12-Nov-27	SBP Rate + 2.5% p.a
IX	66,310,766	36	35	Quarterly	1-Apr-19	30-Jan-28	SBP Rate + 2.5% p.a
X	57,472,916	36	36	Quarterly	1-Jul-19	6-Mar-28	SBP Rate + 2.5% p.a
	327,111,246						
Diminishing Musharakah							
I	44,529,100	36	36	Quarterly	12-Jul-19	12-Apr-28	SBP Rate + 2.5% p.a
	44,529,100						

The loans are secured against first joint parri passu charge and ranking charge over present and future fixed assets of the Company. It is further secured by the personal guarantee of directors of the Company. The aggregate unavailed facility available to the Company is Rs. 238.53 million (2018: Rs. 396.40 million.)

Effective markup rates charged during the year ranges from 3.00% to 14.21% per annum (2018: 3.00% to 7.93%).

	2019 Rupees	2018 Rupees
18. Deferred taxation		
Opening balance	551,785,282	416,519,161
(Reversal) of deferred tax related to:		
Incremental depreciation on revalued assets	(22,399,736)	(11,859,090)
Surplus realised on disposal of revalued assets	(4,856,325)	(326,115)
Provision of deferred tax on surplus	(1,721,574)	8,736,834
(Reversed) / Provided during the year	(128,164,835)	138,714,492
	394,642,812	551,785,282

	2019 Rupees	2018 Rupees
18.1 It represents the following:		
Deferred tax liability:		
Difference between accounting and tax bases of assets	410,296,403	577,947,411
Deferred tax asset:		
Carry forward tax credits and losses	(15,653,591)	(26,162,129)
	394,642,812	551,785,282

19. CONTINGENCIES AND COMMITMENTS

Contingencies

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date Instituted
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Income Tax

Commissioner Inland Revenue (Appeals)	The assessing officer of Inland Revenue passed order and created demand of Rs. 46,673,768/- (2018: Rs. 46,673,768/-) in respect of tax year 2015. Currently appeals against this order are pending before Commissioner (Appeals) Faisalabad. Furthermore the assessing officer of Inland Revenue passed orders and created demands of Rs. 42,778,422/- in respect of tax year 2014 and appeal was filed before commissioner (Appeals) Faisalabad and the same is remanded back. The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.	Company vs. Federal Board of Revenue	April 06, 2017 April 20, 2017 April 24, 2017
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Sales Tax

Commissioner Inland Revenue (Appeals)	The assessing officer of Inland Revenue passed orders in respect of tax period July-2011 to June-2016, November-2013 and July-2011 to April-2012 and created demand of Rs. 9,405,301/- (2018: Rs. 9,405,301/-), Rs. 439,654/- (2018: Rs. 439,654/-) and Rs. 232.667/- (2018: Rs. 232.667/-) respectively. Currently the cases are pending for adjudication before Commissioner Inland Revenue (Appeals). The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.	Company vs. Federal Board of Revenue	June 10, 2015 June 30, 2017 November 10, 2017 June 14, 2018
Appellate Tribunal Inland Revenue	The assessing officer of Inland Revenue passed orders in original in respect of tax periods from August-2013 to July-2015 and July-2010 to June-2011 and created demand of Rs. 8,806,053/- (2018: Rs. 8,806,053/-). Being aggrieved by the orders the company filed appeals before the CIR(A) against the ONOs. The CIR(A) partially set aside the demand of Rs. 1,545,923/- and disposed off the appeals. The company filed the appeals before ATIR for the remaining demand. Currently the case is pending for adjudication before ATIR. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.	Company vs. Federal Board of Revenue	March 22, 2014 August 22, 2016

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date Instituted
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Other

Civil Court	The Director Social Security issued an order based on reassessment of number of employees and demanded Rs. 4,192,808/- (2018: Rs. 4,192,808/-) contribution regarding prior years. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.	Company vs. Director Social Security	October 25, 2016
Custom Appellate Tribunal. Lahore	The custom officer of Excise and Customs department passed order in respect of year ended June 30, 2019 and created demand of Rs.7,997,509/- which includes penalty of Rs. 100,000/- and default surcharge of Rs. 25,000/-. Currently the case is pending for adjudication before Custom Appellate Tribunal Lahore. The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.	Company vs. Director Social Security	June 26, 2018

2019
Rupees **2018**
Rupees

Bank guarantees issued in favour of : Sui Northern Gas Pipelines Limited for supply of gas Faisalabad Electric Supply Company Limited for supply of electricity.	86,820,000 21,342,760	86,820,000 21,342,760
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Indemnity bonds issued in favour of collector of customs / sales tax, Faisalabad to avail exemption of sales tax and custom duty on imported raw material / machinery.	242,878,245	118,921,446
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Commitments

Under letters of credit for: Plant and machinery	510,988,862	11,233,812
Raw material and spare parts	180,017,589	54,595,607
Under contracts for purchase of land	143,583,466	123,683,320

20. Share capital
20.1 Authorised capital

2018	2019		2019	2018
Number of shares	Number of shares		Rupees	Rupees
220,000,000	220,000,000	Ordinary shares of Rs. 10/- each.	2,200,000,000	2,200,000,000

20.2 Issued, subscribed and paid up capital

2018	2019		2019	2018
Number of shares	Number of shares		Rupees	Rupees
89,462,580	89,462,580	Ordinary shares of Rs. 10/- each fully paid in cash.	894,625,800	894,625,800
23,041,604	23,041,604	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	230,416,040	230,416,040
78,916,915	78,916,915	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	789,169,150	789,169,150
191,421,099	191,421,099		1,914,210,990	1,914,210,990

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	2019 Rupees	2018 Rupees
21. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Surplus on revaluation of property, plant and equipment at the beginning of the year	1,547,180,487	1,601,689,121
Transferred to unappropriated profit in respect of :		
Incremental depreciation	(101,676,485)	(53,323,007)
Surplus realised on disposal	(20,006,745)	(1,185,627)
	<u>(121,683,230)</u>	<u>(54,508,634)</u>
Surplus on revaluation of property, plant and equipment as at June 30,	1,425,497,257	1,547,180,487
Related deferred tax liability on:		
Revaluation at the beginning of the year	225,726,571	229,174,942
Deferred tax relating to:		
Incremental depreciation	(22,399,736)	(11,859,090)
Surplus realised on disposal	(4,856,325)	(326,115)
Deferred tax provided during the year	(1,721,574)	8,736,834
	<u>196,748,936</u>	<u>225,726,571</u>
	<u><u>1,228,748,321</u></u>	<u><u>1,321,453,916</u></u>

21.1 Latest revaluation of freehold land, building on freehold land and plant and machinery was carried out by independent valuers M/S Joseph Lobo (Pvt) Limited as at June 30, 2017. Freehold land, building on freehold land and plant and machinery were revalued on market value basis. The valuation is based on unobservable inputs which is Level 3 of fair value hierarchy.

	Note	2019 Rupees	2018 Rupees
22. Sales			
Export			
Cloth / made ups	22.1	2,341,893,792	2,020,704,966
Local			
Yarn		10,733,368,372	7,861,522,624
Cloth		12,040,679	29,392,585
Waste and left over		403,298,738	352,280,051
Conversion receipts		20,483,012	40,783,009
		<u>11,169,190,801</u>	<u>8,283,978,269</u>
		<u>13,51,084,593</u>	<u>10,304,683,235</u>
Add: Export rebate / duty drawback		25,323,420	93,646,506
		<u>13,536,408,013</u>	<u>10,398,329,741</u>
Less: Commission and claims		91,718,715	69,153,239
		<u><u>13,444,689,298</u></u>	<u><u>10,329,176,502</u></u>

22.1 It includes exchange gain of Rs. 92,672,483/- (2018: Rs. 33,171,840/-).

	Note	2019 Rupees	2018 Rupees
23. Cost of sales			
Cost of goods manufactured	23.1	11,991,206,135	9,237,609,345
Finished goods			
Opening stock		223,568,351	280,972,534
Closing stock		(231,768,716)	(223,568,351)
		(8,220,365)	57,404,183
		11,982,985,700	9,295,013,528
23.1 Cost of goods manufactured			
Raw material consumed	23.1.1	9,393,527,071	7,125,618,381
Packing material consumed		124,689,140	93,295,226
Salaries, wages and benefits		684,141,205	616,792,349
Retirement benefits		25,127,754	21,830,989
Stores and spares consumed		350,762,370	315,579,146
Fuel and power		859,240,403	772,540,585
Repairs and maintenance		21,861,435	20,970,862
Insurance		15,057,981	13,921,868
Depreciation	3.2	534,907,515	245,213,497
Other		5,823,083	5,058,742
		12,015,137,957	9,230,821,645
Work in process			
Opening stock		84,099,138	90,886,838
Closing stock		(108,030,960)	(84,099,138)
		(23,931,822)	6,787,700
		11,991,206,135	9,237,609,345
Opening stock		2,481,314,014	1,441,535,919
Purchases including purchase expenses		9,176,635,683	8,165,396,476
		11,657,949,697	9,606,932,395
Closing stock		(2,264,422,626)	(2,481,314,014)
		9,393,527,071	7,125,618,381
24. Trading profit			
Sale of cotton / polyester		34,218,744	247,369,015
Cost of sales		34,144,391	234,659,097
		74,353	12,709,918
25. Other income			
Income from financial assets:			
Profit on deposits		103,840	49,036
Dividend		4,045,708	6,068,562
Adjustment in fair value		-	20,835,396
Income from assets other than financial assets:			
Scrap sales		524,021	1,449,097
Balances written back		134,614	190,224
		4,808,183	28,592,315
26. Distribution cost			
Ocean freight		74,077,840	68,316,861
Local freight		17,834,694	16,500,169
Clearing and forwarding		17,285,368	26,037,415
Export development surcharge		5,146,171	4,765,462
Insurance		652,404	940,295
Other		4,101,822	2,391,052
		119,098,299	118,951,254

	Note	2019 Rupees	2018 Rupees
27. Administrative expenses			
Directors' remuneration		5,865,000	1,980,000
Staff salaries and benefits		58,431,380	50,376,487
Retirement benefits		3,598,416	3,180,656
Postage and telecommunication		3,258,992	3,330,057
Vehicles running and maintenance		13,196,136	11,357,743
Travelling and conveyance		1,716,491	1,066,830
Printing and stationery		1,333,125	1,331,117
Electricity and gas		3,137,418	2,517,904
Fees, subscriptions and periodicals		5,011,922	7,614,057
Advertisement		128,648	123,300
Insurance		686,754	674,213
Auditors' remuneration	27.1	1,615,750	1,277,000
Legal and professional		2,835,818	2,696,642
Rent, rates and taxes		266,964	421,296
Entertainment		1,742,214	2,252,653
Provision for doubtful debts		7,952,217	22,600,585
Depreciation	3.2	8,300,656	7,857,983
Amortisation of intangible assets	4.1	845,821	1,212,586
Other		7,597,503	3,378,962
		127,521,225	125,250,071
27.1 Auditors' remuneration			
Audit fee		1,000,000	1,000,000
Fee for the review of half yearly financial information		300,000	161,250
Other Certifications		15,750	15,750
Out of pocket expenses		100,000	100,000
		1,615,750	1,277,000
28. Other operating expenses			
Workers' profit participation fund		39,953,150	30,229,939
Loss on disposal of operating assets-net		32,334,831	2,177,119
Adjustment in fair value of short term investment		14,706,149	-
		86,994,130	32,407,058
29. Finance cost			
Interest / mark up on:			
Long term finance		48,458,036	45,814,560
Short term borrowings		327,938,428	170,695,445
Workers' profit participation fund		2,509,748	532,408
Bank charges and commission		9,662,498	6,850,720
		388,568,710	223,893,133
30. Provision for taxation			
Current			
for the year		154,504,721	97,287,034
for prior year		(63,594,983)	13,034,360
Deferred		(128,164,835)	138,714,492
		(37,255,097)	249,035,886

30.1 Relationship between tax expense and accounting profit

Reconciliation between accounting profit and tax expense has not been presented in these financial statements as income of the company is subject to turnover tax and final tax under Section 113 and 154 of the Income Tax Ordinance, 2001.

	2019	2018
31. Earnings per share - Basic and diluted		
Profit for the year (Rupees)	781,658,797	325,927,805
Weighted average number of ordinary shares outstanding during the year	191,421,009	191,421,099
Earnings per share - Basic and diluted (Rupees)	4.08	1.70

31.1 There is no dilutive effect on basic earnings per share of the Company.

32. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

	2019			2018		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
Remuneration	2,752,000	1,001,600	19,000,320	768,000	499,200	17,011,200
House rent allowance	1,238,400	450,720	8,550,144	345,600	224,640	7,655,040
Medical allowance	275,200	100,160	1,900,032	76,800	49,920	1,701,120
Utilities allowance	34,400	12,520	237,504	9,600	6,240	212,640
	4,300,000	1,565,000	29,688,000	1,200,000	780,000	26,580,000
Number of persons	1	1	111	1	1	9

32.1 Chief Executive Officer is entitled to free use of the Company maintained vehicle. The monetary value of running and maintenance is Rs. 2,167,470/- (2017: Rs. 1,607,464/-). The Directors have waived off their meeting fee.

33. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of subsidiary, associated undertakings and key management personnel. Amounts due to / from related parties are shown under the relevant notes to the financial statements. Remuneration to Chief Executive Officer, Director and Executives is disclosed in Note 32. There is no other significant transaction with related parties.

	2019	2018
34. DISCLOSURE WITH REGARD TO PROVIDENT FUND		
Size of the fund	(Rupees) 108,461,295	94,987,325
Cost of investment made	(Rupees) -	-
Percentage of investment made	(Percentage) 0.00%	0.00%
Fair value of investment	(Rupees) -	-

34.1 These figures are based on the un-audited financial statements of the provident fund.

	2019	2018
35. NUMBER OF EMPLOYEES		
Total number of employees as at June 30	2205	1679
Total number of factory employees as at June 30	2014	1684
36. PLANT CAPACITY AND ACTUAL PRODUCTION		
Spinning		
Number of spindles installed	93,024	93,024
Number of spindles worked	93,024	93,024
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count (Kgs)	38,020,617	38,020,617
Actual production of yarn 27,522,588 Kgs (2017: 24,943,782 Kgs) after conversion into 20/s count (Kgs)	34,290,567	33,847,535
Weaving		
Number of looms installed	280	280
Number of looms worked	280	280
Number of shifts per day	3	3
Annual production capacity converted into 60 picks (Square Meters)	42,536,384	42,536,384
Actual production converted into 60 picks (Square Meters)	34,031,554	36,352,135

36.1 Reasons for shortfall:

- It is difficult to determine precisely the production / related capacity since it fluctuates widely depending on various factors such as speed, width and quality etc.
- The actual production is planned to meet the market demand.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimise risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

	2019 Rupees	2018 Rupees
37.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets at amortised cost:		
Investment in subsidiary	359,200,000	359,200,000
Long term deposits	4,476,224	4,450,142
Trade debts	1,231,079,982	971,774,514
Loans, advances and deposit	2,611,289	175,983
Other receivables	4,544,608	4,254,533
Cash and bank balances	83,459,305	24,778,023
	<u>1,685,371,408</u>	<u>1,364,633,195</u>
Financial asset at fair value:		
Short term investments	<u>72,984,572</u>	<u>87,690,721</u>

	2019 Rupees	2018 Rupees
Financial liabilities at amortised cost:		
Trade and other payables	329,744,865	690,659,583
Interest / mark up payable	82,218,408	54,769,323
Short term borrowings	3,215,569,584	3,598,814,126
Unclaimed dividend	1,204,621	1,763,009
Long term finance	977,994,368	1,123,289,963
	<u>4,606,731,846</u>	<u>5,469,296,004</u>

37.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

37.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2019 Rupees	2018 Rupees
Long term deposits	4,476,224	4,450,142
Trade debts	1,231,079,982	971,774,514
Loans, advances and deposit	2,611,289	175,983
Other receivables	4,544,608	4,254,533
Bank balances	75,509,723	19,129,920
	<u>1,318,221,826</u>	<u>999,785,092</u>

Due to Company's long standing relations with counterparties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Company except trade debts considered doubtful.

For trade debts credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The aging of trade debts as at financial position date is as under:

	2019 Rupees	2018 Rupees
Not past due	1,213,050,598	965,575,120
Past due	110,215,145	90,432,938
Less: Provision for doubtful debts	(92,185,791)	(84,233,544)
	<u>18,029,384</u>	<u>6,199,394</u>
	<u>1,231,079,982</u>	<u>971,774,514</u>

Appropriate provision has been made in respect of past due trade debts considered doubtful. The credit risk exposure is limited in respect of bank balances as these are placed with local banks having good credit rating from international and local credit rating agencies.

37.2.3 Market risk

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

i) Interest rate risk

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

Majority of interest rate risk arises from borrowings from banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period.

Fair value sensitivity analysis for fixed rate instruments.

The Company has no fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not effect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, profit for the year and equity would have been lower / higher by Rs.18.82 million (2018: Rs. 10.83 million).

ii) 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. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign debtors. The total foreign currency risk exposure on reporting date amounted to Rs. 503.98 million (2018: Rs. 291.40 million).

At June 30, 2019, had the currency been weakened / strengthened by 5% against the U.S dollar and Euro, with all other variables held constant, profit for the year and equity would have been higher / lower by Rs.20.41 million (2018: Rs. 15.02 million).

iii) Equity price risk

Trading and investing in quoted equity securities give rise to equity price risk. At the financial position date the Company is exposed to equity price risk in respect of short term investments. The total equity price risk exposure on reporting date amounted to Rs. 72.98 million (2018: Rs. 87.69 million).

At June 30, 2019, had the quoted securities prices been increased / decreased by 5%, with all other variables held constant, short term investments and equity would have been higher / lower by Rs. 3.65 (2018: Rs. 4.38 million).

37.3 Fair values of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

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.

37.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay financing from / to financial institutions.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total of long term finance and short term borrowings. Total capital comprises shareholders' equity as shown in the financial position under 'share capital and reserves' and net debt (net of cash and cash equivalent).

The salient information relating to capital risk management of the company as of June 30, 2019 and 2018 were as follows:

	Note	2019 Rupees	2018 Rupees
Total Debt	16 & 17	4,193,563,952	4,722,104,089
Less: Cash and bank balances		83,459,305	24,778,023
Net Debt		4,110,104,647	4,697,326,066
Total equity		5,914,664,330	5,171,025,283
Total capital		10,024,768,977	9,868,351,349
Gearing ratio		41.00%	47.60%

38. DATE OF AUTHORISATION FOR ISSUE

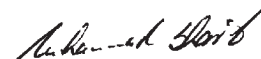
These financial statements were authorised for issue on October 5, 2019 by the Board of Directors of the Company.

39. NON-ADJUSTING EVENT AFTER THE FINANCIAL POSITION DATE

40. Figures have been rounded off to the nearest Rupee except where mentioned rounding off in Rupees in thousands.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Pattern of Shareholding
AS ON 30-06-2019

No. of Shareholders	Shareholding		Total Shares held
	From	To	
166	1	100	6,155
876	101	500	255,648
486	501	1000	348,114
1677	1001	5000	2,122,695
49	5001	10000	346,734
18	10001	15000	232,782
4	15001	20000	70,054
6	20001	25000	132,764
3	25001	30000	82,292
2	30001	35000	66,316
1	35001	40000	37,710
2	45001	50000	96,000
1	50001	55000	52,422
3	55001	60000	173,165
4	60001	65000	250,498
1	65001	70000	68,939
1	70001	75000	73,296
1	90001	95000	95,000
1	110001	115000	112,862
1	120001	125000	120,799
1	135001	140000	138,668
1	165001	170000	167,075
1	185001	190000	189,500
1	195001	200000	197,587
1	240001	245000	244,992
1	280001	285000	284,242
1	2240001	2245000	2,244,338
1	23715001	23720000	23,719,344
1	159490001	159495000	159,491,108
3312			191,421,099

Categories of shareholders
As at June 30, 2019

Categories of Shareholders	Number	Share held	Percentage
Directors, Chief Executive and their spouse and minor children			
Mr. Muhammad Sharif	1	1,067	0.00
Mr. Muhammad Zahid	1	159,491,108	83.32
Mr. Ahmad Zahid	1	23,719,344	12.39
Miss Mehreen Zahid	1	500	0.00
Mr. Sajjad Hussain Shah	1	499	0.00
Mr. Faisal Masood Afzal	1	1,060	0.00
Brig (R) Wali Muhammad	1	741	0.00
Associated Companies, undertakings and related parties	-	-	0.00
NIT AND ICP			
I.C.P	1	5,941	0.00
Banks, Development Financial Institutions, Non Banking Financial Institutions			
Institutions	-	-	0.00
Insurance Companies	-	-	0.00
Modarabas and Mutual Funds	-	-	0.00
Joint Stock Companies	7	2,247,395	1.17
Ind. / General Public			
a. Local	3,297	5,952,444	3.11
b. Foreign	-	-	-
Total	3,312	191,421,099	100.00
Shareholders holding 5% (or more)	2	183,210,452	95.71

CONSOLIDATED FINANCIAL STATEMENTS

Directors Report on Consolidated Financial Statements

The Board of Directors have pleasure in presenting the Audited Financial Statements of the Zahidjee Textile Mills Limited (the parent) and Zahidjee Towers (Private) Limited (the subsidiary) for the year ended June 30, 2019.

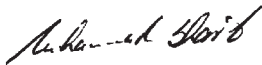
The Company holds 54.39% (2018: 54.39%) shares in the Subsidiary Company. The principal business of subsidiary Company is to provide all kinds of services related to the business of Hotels, Restaurants, Resorts and Motels.

No business was executed by the subsidiary during the year.

Financial results for the year ended June 30, 2019 and June 30, 2018 are summarized below:

	2019 Rupees	2018 Rupees
Profit before taxation	743,701,573	572,361,801
Provision for taxation	(36,377,043)	249,558,240
Profit for the year	780,078,580	322,803,561
Earnings per share - Basic and diluted Attributable to the shareholders of the Parent (Rupees)	4.08	1.69

For and on behalf of
the Board



Muhammad Sharif
Chairman



Muhammad Zahid
Chief Executive Officer

Dated: October 05, 2019
Lahore

INDEPENDENT AUDITOR'S REPORT

To the members of Zahidjee Textile Mills Limited

Opinion

We have audited the annexed consolidated financial statements of Zahidjee Textile Mills Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 June, 2019 and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June, 2019 and (of) its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Syed Ali Adnan Tirmizey.

**RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS**

Place: Lahore

Date:

ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	4	6,649,166,582	6,769,618,281
Intangible assets	5	1,122,691	1,968,512
Investment Property	6	99,913,504	103,922,234
Long term security deposits		4,476,224	4,450,142
		6,754,679,001	6,879,959,169
CURRENT ASSETS			
Stores, spares and loose tools	7	154,006,894	113,884,208
Stock in trade	8	2,604,242,302	2,987,053,124
Trade debts	9	1,231,079,982	971,774,514
Loans, advances and deposit	10	94,009,913	162,732,486
Prepayments		31,027,305	1,395,389
Other receivables	11	70,511,336	103,145,845
Short term investment	12	72,984,572	87,690,721
Tax refunds due from Government	13	361,739,764	362,759,339
Cash and bank balances	14	83,907,182	24,926,168
		4,703,509,250	4,815,361,794
CURRENT LIABILITIES			
Trade and other payables	15	404,845,352	782,781,931
Interest / mark up payable	16	82,218,408	54,769,323
Short term borrowings	17	3,232,569,584	3,615,814,126
Unclaimed dividend		1,204,621	1,763,009
Current portion of long term finance	18	187,575,041	195,391,429
Provision for taxation - income tax	31	155,346,335	97,809,388
		4,063,759,341	4,748,329,206
		7,394,428,910	6,946,991,757
NON - CURRENT LIABILITIES			
Long term finance	18	790,419,327	927,898,534
Deferred liability			
Deferred taxation	19	394,642,812	551,785,282
		1,185,062,139	1,479,683,816
CONTINGENCIES AND COMMITMENTS			
	20	-	-
Net worth		6,209,366,771	5,467,307,941
Represented by :			
Share capital	21	1,914,210,990	1,914,210,990
Capital reserves			
Merger reserve		366,258,513	366,258,513
Surplus on revaluation of property, plant and equipment	22	1,228,748,321	1,321,453,916
Revenue reserves		2,401,711,406	1,566,226,244
		5,910,929,230	5,168,149,663
Non-controlling interest		298,437,541	299,158,278
		6,209,366,771	5,467,307,941

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

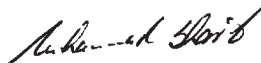
**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
Sales	23	13,444,689,298	10,329,176,502
Cost of sales	24	11,982,985,770	9,295,013,528
Gross profit		1,461,703,528	1,034,162,974
Trading profit	25	74,353	12,709,918
Other income	26	8,719,713	30,966,890
		1,470,497,594	1,077,839,782
Distribution cost	27	119,098,299	118,951,254
Administrative expenses	28	132,134,528	130,151,900
Other operating expenses	29	86,994,130	32,407,058
Finance cost	30	388,569,000	223,967,769
		726,796,057	505,477,981
Profit before taxation		743,701,537	572,361,801
Provision for taxation	31	(36,377,043)	249,558,240
Profit for the year		780,078,580	322,803,561
Attributable to:			
Shareholders of the Parent		780,799,317	324,228,529
Non-controlling interest		(720,737)	(1,424,968)
		780,078,580	322,803,561
Earnings per share - Basic and diluted Attributable to the shareholders of the Parent	32	4.08	1.69

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

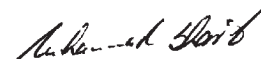
**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**

	2019 Rupees	2018 Rupees
Profit for the year	780,078,580	322,803,561
Items that will not be subsequently reclassified to profit or loss :		
Incremental depreciation on revalued assets		
for the year - net of deferred tax	79,276,749	41,463,917
Related deferred tax	22,399,736	11,859,090
	101,676,485	53,323,007
Surplus realised on disposal		
of property, plant and equipment - net of deferred tax	15,150,420	859,512
Related deferred tax	4,856,325	326,115
	20,006,745	1,185,627
Total comprehensive income for the year	901,761,810	377,312,195
Attributable to:		
Shareholders of the Parent	902,482,547	378,737,163
Non-controlling interest	(720,737)	(1,424,968)
	901,761,810	377,312,195

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	743,701,537	572,361,801
Adjustment for:		
Depreciation of property, plant and equipment	543,208,171	253,071,480
Depreciation of investment property	4,008,730	3,037,089
Amortisation of intangible assets	845,821	1,212,586
Provision for doubtful debts	7,952,217	22,600,585
Balances written back	(134,614)	(190,224)
Net loss / (gain) on disposal of operating assets	32,334,831	2,177,119
Profit on deposits	(133,021)	(70,667)
Dividend income	(4,045,708)	(6,068,562)
Adjustment in fair value	14,706,149	(20,835,396)
Finance cost	388,569,000	223,967,769
Operating cash flows before working capital changes	1,731,013,113	1,051,263,580
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(40,122,686)	24,616,727
Stock in trade	382,810,822	(1,173,657,833)
Trade debts	(267,257,685)	(307,027,911)
Loans, advances and deposit	60,347,365	(48,538,404)
Prepayments	(29,631,916)	(504,615)
Other receivables	32,634,509	(80,850,837)
Tax refunds due from Government	37,259,103	50,944,644
(Decrease) / Increase in current liabilities		
Trade and other payables	(377,801,965)	137,990,936
	(201,762,453)	(1,397,027,293)
Cash (used in) / generated from operating activities	1,529,250,660	(345,763,713)
Finance cost paid	(361,119,915)	(222,710,621)
Income tax paid	(62,115,165)	(60,701,459)
Net cash generated from / (used in) operating activities	1,106,015,580	(629,175,793)

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Annual Report 2019

	2019 Rupees	2018 Rupees
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in:		
Property, plant and equipment	(460,836,704)	(935,659,676)
Investment Property	-	(106,959,323)
Proceeds from disposal of operating assets	5,745,400	1,646,000
Profit on deposits	133,021	70,667
Dividend received	4,045,708	-
Long term security deposit	(26,082)	
Net cash (used in) investing activities	(450,938,656)	(1,040,902,332)
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued during the year	-	105,873,000
Long term finance obtained	74,019,750	756,855,354
Repayment of long term finance	(219,315,345)	(235,620,542)
Increase in short term borrowings - net	(383,244,542)	1,009,976,913
Loan from director	-	1,000,000
Dividend paid	(66,997,385)	-
Unclaimed dividend paid	(558,388)	-
Net cash generated from financing activities	(596,095,910)	1,638,084,725
Net increase / (decrease) in cash and cash equivalents (a+b+c)	58,981,014	(31,993,400)
Cash and cash equivalents at the beginning of the year	24,926,168	56,919,568
Cash and cash equivalents at the end of the year	83,907,182	24,926,168

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019**

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	CAPITAL RESERVE			REVENUE RESERVES			Total	Non Controlling Interest
		Merger reserve	Surplus on revaluation of property, plant and equipment	Sub total	General reserve	Unappropriated profit	Sub total		
Balance as at June 30, 2017 re-stated	1,823,058,090	366,258,513	1,372,514,179	1,738,772,692	300,000,000	978,641,981	1,278,641,981	4,840,472,763	194,710,246
Transaction with owners									
Bonus shares issued during the year (One share for each twenty shares held)	91,152,900	-	-	-	-	(91,152,900)	(91,152,900)	-	-
Issuance of shares by the Subsidiary	-	-	-	-	-	-	-	-	105,873,000
Total comprehensive income for the year									
Profit / (loss) for the year	-	-	-	-	-	324,228,529	324,228,529	324,228,529	(1,424,968)
Other comprehensive income									
Items that will not be subsequently reclassified to profit or loss :									
Incremental depreciation on revalued assets for the year	-	-	(53,323,007)	(53,323,007)	-	41,463,917	41,463,917	(11,859,090)	-
Related deferred tax	-	-	11,859,090	11,859,090	-	11,859,090	11,859,090	23,718,180	-
Surplus realised on disposal of property, plant and equipment	-	-	(1,185,627)	(1,185,627)	-	859,512	859,512	(326,115)	-
Related deferred tax	-	-	326,115	326,115	-	326,115	326,115	652,230	-
Adjustment of deferred tax for the year	-	-	(42,323,429)	(42,323,429)	-	54,508,634	54,508,634	12,185,205	-
Balance as at June 30, 2018	1,914,210,990	366,258,513	1,321,453,916	1,687,712,429	300,000,000	1,266,226,244	1,566,226,244	5,168,149,663	299,158,278
Transaction with owners									
Dividend paid (Rs. 0.35 per share of Rs. 10 each)	-	-	-	-	-	(66,997,385)	(66,997,385)	(66,997,385)	-
Total comprehensive income for the year									
Profit / (loss) for the year	-	-	-	-	-	780,799,317	780,799,317	780,799,317	(720,737)
Other comprehensive income									
Items that will not be subsequently reclassified to profit or loss :									
Incremental depreciation on revalued assets for the year	-	-	(101,676,485)	(101,676,485)	-	79,276,749	79,276,749	(22,399,736)	-
Related deferred tax	-	-	22,399,736	22,399,736	-	22,399,736	22,399,736	44,799,472	-
Surplus realised on disposal of property, plant and equipment	-	-	(20,006,745)	(20,006,745)	-	15,150,420	15,150,420	(4,856,325)	-
Related deferred tax	-	-	4,856,325	4,856,325	-	4,856,325	4,856,325	9,712,650	-
Adjustment of deferred tax for the year	-	-	(94,427,169)	(94,427,169)	-	121,683,230	121,683,230	27,256,061	-
Balance as at June 30, 2019	1,914,210,990	366,258,513	1,228,748,321	1,595,006,834	300,000,000	2,101,711,406	2,401,711,406	5,910,929,230	298,437,541

Note - 22

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019****1. GENERAL INFORMATION**

1.1 The Group consists of Zahidjee Textile Mills Limited (the Parent) and Zahidjee Towers (Private) Limited (the Subsidiary).

1.2 The Parent is incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act 2017 on May 30, 2017). The registered office of the Company is situated at 2-H, Jail Road, Gulberg II, Lahore in the province of Punjab. The Company is listed on Pakistan Stock Exchange Limited. The principal business of the Company is export of all kinds of value added fabrics and textile made-ups. The Company is also engaged in the business of manufacturing and sale of yarn. The weaving unit is located at 32-KM, Tandlianwala Road, Satyana, District Faisalabad and spinning units are located at 32-KM, Sheikhpura Road, Faisalabad and M-3 Industrial Estate, Faisalabad, in the province of Punjab.

The Subsidiary is incorporated in Pakistan as a private limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act 2017 on May 30, 2017). The principal objective of subsidiary is to provide all kinds of services related to the business of Hotels, Restaurants, Resorts, Motels. Registered office of the subsidiary is situated at 20 Bilal Road, Civil Lines, Faisalabad in the province of Punjab.

1.3 The financial statements are presented in Pakistani Rupee, which is the Group's functional and presentation currency.

2. BASIS OF CONSOLIDATION

The financial statements of the Parent and Subsidiary are combined on a line by line basis. The financial statements of the Subsidiary are consolidated from the date on which more than 50% voting rights are transferred to or power to control the Subsidiary is established and are excluded from consolidation from the date of disposal or reduction of control.

All intra-Group balances, transactions and resulting unrealised profits, if any, are eliminated.

Non-controlling interest is that part of the net results of the operations and net assets of the Subsidiary attributable to interest which are not owned by the Parent.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1 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 (IFRSs) 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's the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Application of new and revised International Financial Reporting Standards (IFRSs)**3.2.1 Standards, amendments to standards and interpretations becoming effective in current year**

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Group for the periods beginning on or after July 01,

2017 and therefore, have been applied in preparing these financial statements.

- **IFRS 9 Financial Instruments (2014):**

IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The changes laid down by this standard do not have any significant impact on the Company's financial statements

- **IFRS 15 Revenue from Contracts with Customers:**

This standard was notified by the Securities and Exchange Commission of Pakistan ('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 Company has adopted this standard for the current annual period beginning July 1, 2018 and the impact of its adoption is as follows:

The changes laid down by this standard do not have any significant impact on the Company's financial statements.

- **IFRIC 22 Foreign currency transactions and advance consideration:**

This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment / receipt is made as well as for situations where multiple

payments/receipts are made. The guidance aims to reduce diversity in practice. The Company's accounting treatment is already in line with this interpretation.

This IFRIC is effective for accounting period beginning on or after January 01, 2018. The application of IFRIC is not expected to have any material impact on the Group's financial statements.

3.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant.

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2018 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

3.2.3 Standards, amendments to standards and interpretations becoming effective in future periods.

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

IFRS 16 Leases

This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Company is yet to assess the full impact of this standard.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of standard is not expected to have any material impact on the Company's financial statements.

- IAS 19 Employee Benefits on plan amendment, curtailment or settlement:

These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Company is yet to assess the full impact of this amendment.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of standard is not expected to have any material impact on the Company's financial statements.

- IFRIC 23 Uncertainty over Income Tax Treatments:

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The Group is yet to assess the full impact of the

IFRIC. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

This IFRIC is effective for accounting period beginning on or after January 01, 2019. The application of IFRIC is not expected to have any material impact on the Group's financial statements.

- **Annual improvements 2014-2016**

Annual Improvements to IFRSs through 2014-2016 cycle have been issued by IASB on December 08, 2016, amending the following standards;

IAS 28: Investments in Associates and Joint Ventures.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of amendments is not expected to have any material impact on the Company's financial statements.

- **Annual improvements 2015-2017 Cycle**

Annual Improvements of IFRSs through 2015-2017 cycle have been issued by IASB on December, 2017, amending the following standards;

IAS 12: Income Taxes.

IAS 23: Borrowing Costs.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of amendments is not expected to have any material impact on the Group's financial statements.

3.2.4 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Group's operations, therefore, not disclosed in these financial statements.

3.3 Basis of preparation

The financial statements have been prepared under the historical cost convention except: -

- Certain property, plant and equipment carried at valuation.
- Short term investments measured at fair value.

3.4 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost / valuation less accumulated depreciation and impairment in value, if any. Freehold land and capital work in progress are stated at valuation, cost less accumulated impairment in value, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in property, plant and equipment note 4.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. In respect of additions and disposals during the period, depreciation is charged from the month of acquisition or capitalisation and upto the month preceding the disposal respectively.

When parts of an item of property, plant and equipment have different useful lives, they are recognised as a separate item of property, plant and equipment.

Normal repair and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of assets, if any, are recognised as and when incurred.

Capital work-in-progress is stated at cost less accumulated depreciation and impairment in value, if any.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

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

Non-operating land and building is stated at cost.

3.5 Intangible assets

These are stated at cost less accumulated amortisation and impairment in value, if any. Intangible assets are amortised over a period of five years using straight line method.

Amortisation on additions during the year is charged from the month in which an asset is acquired or capitalised.

All costs / expenditure connected with software implementation are collected in computer softwares under implementation. These are carried at cost less impairment in value, if any and are transferred to specific assets as and when assets are available for intended use.

3.6 Investment property

Investment property which is property held to earn rentals and / or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on investment property is charged to income on reducing balance method at the rate of 5% per annum. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalised while no depreciation is charged for the month in which the property is disposed off.

Repairs and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of investment property if any, are recognised in current income.

3.7 Investments

Investments are initially recognised / derecognised on trade date at cost being the fair value of consideration given including cash transaction. Trade date is the date that the Group commits to purchase or sell the investment. After initial recognition these are recognised and accounted for as follows:

Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Gain / loss on sale of investments is taken to income in the period in which it arises.

Investments at fair value through profit or loss

These are the investments which are classified as held for trading and are acquired principally for the purpose of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking. Investments designated at fair value through profit or loss upon initial recognition also include those group of investments which are managed and their performance evaluated on fair value basis in accordance with the Group's documented investment strategy.

After initial recognition, such investments are remeasured at fair value determined with reference to the year end quoted rates (equity shares and investments in units of closed end funds at respective stock exchange rates, while the units of open end funds at their declared net asset value per unit). Gains or losses on remeasurments of these investments are recognised in the profit and loss account.

3.8 Impairment

The Group assesses at each statement of financial position date whether there is any indication that assets except deferred tax assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.10 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

4.11 Stock in trade

Stock in trade except wastes are valued at the lower of cost and net realisable value. Cost is determined as follows:

Raw material	Weighted average cost except items in transit which are valued at cost accumulated upto the statement of financial position date.
--------------	---

Work in process Average manufacturing cost.

Finished goods Average manufacturing cost.

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sales. Average manufacturing cost represents cost of direct materials, labour and appropriate manufacturing overheads.

4.12 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the period end. Balances considered bad and irrecoverable are written off when identified. Other receivables are carried at nominal amount which is the fair value of the consideration to be received in future.

4.13 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

4.14 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed to the Group or not.

4.15 Provisions

Provisions are recognised when the Group has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

4.16 Provision for taxation

Current taxation

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available under the law.

Deferred taxation

Deferred tax is provided using the liability method for all temporary differences at the statement of financial position date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax is charged or credited in the income statement, except in case of items charged or

credited to equity in which case it is included in equity.

4.17 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

4.18 Foreign currency translation

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

4.19 Financial Instruments

4.19.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

- Financial assets at amortised cost

Financial assets at amortised cost are 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. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is 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.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets are measured at fair value at initial recognition and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and

losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

4.20 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the Group has a legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales of goods are recognised when goods are delivered and title has passed.

Revenue from conversion receipts is recognised when services are rendered.

Interest income is recognised on time proportionate basis.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Dividend income from investments is recognised when the Group's right to receive payment has been established except dividend from associate accounted for using equity method which is recognised as a reduction of the carrying value of investment when the Group's right to receive payment has been established.

4.22 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IASs / IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory and taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

	Note	2019 Rupees	2018 Rupees
4.2 Depreciation for the year has been allocated as under:			
Cost of sales	24.1	534,907,515	245,213,497
Administrative expenses	28	8,300,656	7,857,983
		<u>543,208,171</u>	<u>253,071,481</u>

4.3 Had there been no revaluation, the carrying values of freehold land, building on freehold land and plant and machinery at June 30, 2019 and 2018 would have been as follows:

	Carrying value	
	2019 Rupees	2018 Rupees
Freehold land	149,477,863	149,477,863
Building on freehold land	1,167,680,229	1,294,758,878
Plant and machinery	2,743,013,951	2,862,031,994
	<u>4,060,172,043</u>	<u>4,306,268,735</u>

4.4 The forced sale value of revalued freehold land, building on freehold land and plant and machinery is Rs. 3,860,421,372/-.

4.5 Detail of disposal of operating assets

2018					
Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars of buyers
Rupees					
Plant and machinery (by negotiation)	5,320,956	854,353	4,469,603	250,000	Al Afzal Traders Makoana main Bazar jarranwala road FSD
	5,103,910	816,626	4,287,284	200,000	Akbar Alii shop No # 231 Stadium road FSD
	394,978	54,309	340,669	225,000	Shaukat Basra office No. B-21 maqbool road FSD
	133,247	24,318	108,929	89,953	Al Huda Scrap dealer Nankana road Shahkot.
	1,469,222	268,133	1,201,089	1,119,319	Shabbir and sons shadra market Mushtaq palaza ground floor Batti chowk Lahore
	167,778	30,619	137,158	122,148	AA Traders, jinnah colony, Faisalabad.
	32,346,821	6,145,896	26,200,925	3,600,000	Latif Choke House # 465 Ghulam Muhammad Abad Block A Faisalabad
	44,936,912	8,191,254	36,745,657	5,606,420	
Office Equipment (by negotiation)	107,014	74,588	32,426	18,580	Faisal Kabbar Jalvi market FSD
	107,014	74,588	32,426	18,580	

2019					
Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars of buyers
Rupees					
Electric installations	2,938,130	1,673,361	1,264,769	104,500	Asghar computer and accessories House Millat chowk hussaini market FSD
Electric appliances	35,500	14,344	21,156	8,900	Ali meer shop No. 41 bholle di jughi Sargodha road nera larri adda. FSD
	32,132	15,910	16,223	7,000	Haji bashir AC fitter Nigheban pura main market. FSD
	67,632	30,254	37,379	15,900	
	48,049,688	9,696,457	38,080,230	5,745,400	

2018					
Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars of buyers
Rupees					
Plant and machinery (by negotiation)	3,390,732	84,769	3,305,963	534,000	Mr. Shfaqat Ali, Kabbar Market, Dar-ul-Ihsan Town, Summadri Road, Faisalabad.
	107,647	1,794	105,853	100,000	Allah Hoo Engineering Works, Samundri Road, Faisalabad.
	366,261	9,157	357,104	600,000	Abdul Hafeez, Dar-ul-Ahsan Town, Samundri Road, Faisalabad.
	3,864,640	95,719	3,768,921	1,234,000	
Vehicles (by negotiation)	16,500	8,020	8,480	12,000	Mr. Alam Sher, Chak No. 258 Tibbah, Toba Tak Singh.
	455,000	409,282	45,718	400,000	Mr. Rasheed Ahmed, Chak No. 239, Kror Laali, P/O 241, Layyah.
	471,500	417,302	54,198	412,000	
	4,336,140	513,021	3,823,119	1,646,000	

4.6 Particulars of immovable property (i.e. land and building) in the name of the Company are as follow

Location	Usage of immovable property	Total Area (in square foot)
a) 32-KM, Sheikhpura Road, Faisalabad.	Spinning unit and power house	660,752
b) 32-KM, Tandlianwala Road, Faisalabad.	Weaving unit	628,899
c) Raja Bolay, Tehsil Cantt, District Lahore.	Godown	1,971,094
d) Plot # 6, M-3 Industrial Estate, Faisalabad.	Spinning unit and power house	756,856
e) 20, Bilal Road, Civil Lines, Faisalabad.	Office	49,550
f) 20-B, Race Course Road, Civil Lines, Faisalabad.	Office	10,890
g) Small industrial Estate Road, Faisalabad.	Export house	11,707

4.7 Capital work in progress

	Civil work	Plant and machinery	Total
	Rupees		
Balance as at July 1, 2017	293,070,504	-	293,070,504
Additions	47,832,724	14,088,458	61,921,182
Transfer to operating assets	(205,888,979)	(13,208,438)	(219,097,417)
Balance as at June 30, 2018	135,014,249	880,020	135,894,269
Additions	71,915,354	97,259,705	169,175,059
Balance as at June 30, 2019	(615,000)	-	(615,000)
	206,314,603	98,139,725	304,454,328

4.8 This represents investment on site for proposed hotel complex and land held for future expansion.

4.9 Particulars of immovable property (i.e. non-operating land and building) in the name of the Group are as follows:

Location	Usage of immovable property	Total Area (in square foot)
In the name of Parent Company		
a) Raja Bolay, Tehsil Cantt, District Lahore.	Land held for future expansion	69,404
b) Deve Khurd Kalan, Tehsil Model Town, District Lahore.	Land held for future expansion	14,974
In the name of Subsidiary Company		
2-H Gulburg II, Jail Road, Lahore	For hotel complex	51,488
	Note	2019 Rupees
		2018 Rupees

5. Intangible assets

Computer software and license

Cost	11,164,402	11,164,402
Accumulated amortisation	(10,041,711)	(9,195,890)
Written down value	1,122,691	1,968,512

5.1 Reconciliation of written down value

Opening written down value		1,968,512	3,181,098
Amortisation for the year	28	(845,821)	(1,212,586)
Closing balance		1,122,691	1,968,512

5.1.1 Amortisation rate is 20% per annum.

6. Investment property

Land

Cost	23,938,150	23,938,150
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Building

Opening net book value as at July 01,	79,984,084	-
Addition during the year - cost	-	83,021,173
Depreciation charge	(4,008,730)	(3,037,089)
Closing net book value as at June 30,	75,975,354	79,984,084
Land and building closing balance as at June 30,	99,913,504	103,922,234

Annual rate of depreciation (%)	5	5
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6.1 The fair value of investment property as at June 30, 2018 approximates its cost.

6.2 Particulars of investment property in the name of the Subsidiary are as follows:

Location	Total Area (in square foot)
2-B/1 Block H Gulberg II, Jail Road, Lahore	7,775.48

	Note	2019 Rupees	2018 Rupees
7. Stores, spares and loose tools			
Stores		78,900,974	63,051,034
Spares	7.1	74,775,194	50,511,533
Loose tools		330,726	321,641
		154,006,897	113,884,208

7.1 Spares include items that may result in fixed capital expenditure but are not distinguishable.

	Note	2019 Rupees	2018 Rupees
8. Stock in trade			
Raw materials in hand	8.1	2,264,422,626	2,481,314,014
in transit		-	198,071,621
		2,264,422,626	2,679,385,635
Work in process		108,030,960	84,099,138
Finished goods	8.1	221,675,477	206,626,535
Waste		10,113,239	16,941,816
		2,604,242,302	2,987,053,124

8.1 Stock in trade amounting to Rs. 2,006.89 million (2018: Rs. 2,211.90 million) was pledged as security with the banking companies.

	Note	2019 Rupees	2018 Rupees
9. Trade debts			
Considered good			
Secured			
Foreign	9.1	65,720,240	40,020,753
Unsecured			
Foreign	9.1	323,752,504	228,780,907
Local		841,607,238	702,972,854
		1,165,359,742	931,753,761
Considered doubtful			
Unsecured			
Foreign	9.1	22,600,585	22,600,585
Less: Provision for doubtful debts		(22,600,585)	(22,600,585)
		-	-
Local		69,585,176	61,632,959
Less: Provision for doubtful debts		(69,585,176)	(61,632,959)
		-	-
		1,231,079,982	971,774,514

	Note	2019 Rupees	2018 Rupees
9.1 Following are the details of debtors in relation to export sales:			
Jurisdiction	Category		
Africa	Letter of credit	8,137,829	7,823,749
	Cash against documents	22,600,585	22,600,585
		30,738,414	30,424,334
Asia	Letter of credit	-	1,209,032
Europe	Letter of credit	22,336,231	16,418,382
	Cash against documents	61,938,068	25,161,038
		84,274,299	41,579,420
North America	Cash against documents	60,801,081	55,004,685
South America	Letter of credit	-	16,019,924
	Cash against documents	236,259,535	147,164,850
		236,259,535	63,184,774
		412,073,329	291,402,245
10. Loans, advances and deposit			
Considered good			
Advances			
Employees		2,611,289	175,983
Suppliers		33,705,965	88,685,956
For purchases and expenses		2,471,579	1,039,127
Income tax		53,236,535	61,611,743
Letters of credit fee and expenses		1,984,545	11,219,677
		94,009,913	162,732,486
11. Other receivables			
Considered good			
Export rebate / duty drawback		65,966,728	93,733,034
Dividend receivable		-	5,158,278
Other		4,544,608	4,254,533
		70,511,336	103,145,845
12. Short term investment			
Financial assets at fair value through profit or loss			
Quoted securities			
Habib Metropolitan Bank Limited			
2,022,854 (2018: 2,022,854)			
Ordinary shares of Rs.10/- each		87,690,721	66,855,325
Adjustment in fair value		(14,706,149)	20,835,396
		72,984,572	87,690,721
12.1 The fair value of short term investment is based on prices quoted in active markets which is level 1 of fair value hierarchy.			
13. Tax refunds due from Government			
Income tax		239,522,077	203,282,549
Sales tax		122,217,687	159,476,790
		361,739,764	362,759,339

	Note	2019 Rupees	2018 Rupees
14. Cash and bank balances			
Cash in hand		7,956,270	5,372,591
Cash at banks			
In current accounts		75,509,723	19,129,920
In PLS accounts	14.1	441,189	423,657
		<u>83,907,182</u>	<u>24,926,166</u>

14.1 Effective profit rate in respect of PLS accounts was 4.50% to 10.25% per annum (2018 : 3.75% to 3.90% per annum).

	Note	2019 Rupees	2018 Rupees
15. Trade and other payables			
Creditors		182,462,294	577,892,907
Accrued liabilities		139,810,373	101,308,286
Advance from customers		20,805,281	29,522,449
Payable to provident fund		7,615,773	6,296,082
Workers' profit participation fund	15.1	39,953,150	30,229,939
Security deposit payable		-	750,000
Withholding taxes		14,198,481	31,512,385
Others		-	5,269,883
		<u>404,845,352</u>	<u>782,781,931</u>

15.1 Workers' profit participation fund

Opening balance		30,229,939	21,811,409
Interest on funds utilised in the Company's business		2,509,748	532,408
		<u>32,739,687</u>	<u>22,343,817</u>
Paid to workers on behalf of the fund		(32,739,687)	(22,343,817)
		<u>-</u>	<u>-</u>
Allocation for the year		39,953,150	30,229,939
		<u>39,953,150</u>	<u>30,229,939</u>

		2019 Rupees	2018 Rupees
16. Interest / mark up payable			
Interest / mark up payable on:			
Short term borrowings		68,805,709	40,732,504
Long term finance		13,412,699	14,036,819
		<u>82,218,408</u>	<u>54,769,323</u>

	Note	2019 Rupees	2018 Rupees
17. Short term borrowings			
Secured			
From banking companies			
Export finances	17.2	849,950,000	920,850,000
Running finances	17.2	165,329,623	331,116,803
Cash finances	17.3	1,951,195,847	2,207,889,291
Un-secured			
From directors and associates	17.4	266,094,114	155,958,032
		3,232,569,584	3,615,814,126

17.1 The aggregate unavailed short term borrowing facilities available to the Company are Rs. 3,618.25 million (2018 : Rs. 2,097.37 million).

17.2 These are secured against first joint parri passu charge and ranking charge over present and future current assets of the Company, ranking charge over fixed assets of spinning and weaving unit, lien on export documents and by personal guarantee of directors of the Company. These are subject to mark up at the rates of one month KIBOR plus 1% to 1.5% per annum, three months KIBOR plus 1% per annum (2018: one month KIBOR plus 1% to 1.5% per annum, three months KIBOR plus 1% to 3% per annum) and SBP rate plus 1% per annum (2018: SBP rate plus 1% per annum).

The effective rate of mark up charged during the year ranges from 3.00% to 14.88% per annum (2018: 3.00% to 10.52% per annum).

17.3 These are secured against pledge of cotton, polyester, yarn and grey cloth. These are further secured by personal guarantee of directors of the Company. These are subject to mark up at the rates of one month KIBOR plus 1% to 1.50% per annum and three months KIBOR plus 1% per annum (2018: one month KIBOR plus 1% to 1.25% per annum and three months KIBOR plus 1% per annum).

The effective rate of mark up charged during the year ranges from 11.99% to 14.29% per annum (2018: 7.13% to 7.92%).

17.4 These are interest free and obtained for meeting working capital requirements and purchase of properties of the Group.

	Note	2019 Rupees	2018 Rupees
18. Long term finance			
Secured			
From banking companies			
Under mark up arrangements			
Term finances	18.2	606,354,022	671,348,857
Demand finances	18.2	327,111,246	383,075,866
Diminishing Musharakah	18.2	44,529,100	68,865,240
		977,994,368	1,123,289,963
Less : Current portion			
Installments due		-	(37,500,000)
Payable within one year		(187,575,041)	(157,891,429)
		(187,575,041)	(195,391,429)
		790,419,327	927,898,534
18.1 Reconciliation of long term financing:			
Balance as at July 1, 2018		1,123,289,963	1,123,289,963
Obtained during the year		74,019,750	756,855,354
		1,197,309,713	1,880,145,317
Paid during the year		(219,315,345)	(235,620,542)
		977,994,368	1,644,524,775
18.2 The terms of repayment of finances are as under;			

Nature of loans	Balance Rupees	Number of installments		Payment rests	Commencement date	Ending date	Markup rate
		Total	Balance				
Term finances							
I	12,847,800	12	3	Quarterly	9-May-17	9-Feb-20	3 Months KIBOR + 1.25% p.a
II	16,202,932	10	4	Quarterly	9-Jan-18	9-Apr-20	3 Months KIBOR + 1.25% p.a
III	42,649,806	16	7	Quarterly	25-Jun-17	25-Mar-21	SBP Rate + 1.5% p.a
IV	11,029,143	16	8	Quarterly	5-Aug-17	5-May-21	SBP Rate + 1.5% p.a
V	5,954,104	16	13	Quarterly	11-Oct-17	11-Jul-21	SBP Rate + 1.5% p.a
VI	36,729,281	16	10	Quarterly	13-Jan-18	13-Oct-21	SBP Rate + 1.5% p.a
VII	52,885,000	16	10	Quarterly	27-Jan-18	27-Oct-21	SBP Rate + 1.5% p.a
VIII	3,712,500	16	11	Quarterly	20-May-18	20-Feb-22	SBP Rate + 1.5% p.a
IX	6,574,195	16	6	Quarterly	31-Mar-17	31-Dec-20	SBP Rate + 1.5% p.a
X	24,259,583	36	33	Quarterly	5-Dec-18	5-Sep-27	SBP Rate + 1% p.a
XI	3,858,249	36	33	Quarterly	5-Dec-18	5-Sep-27	SBP Rate + 1% p.a
XII	5,822,668	36	33	Quarterly	5-Dec-18	5-Sep-27	SBP Rate + 1% p.a
XIII	45,268,666	36	33	Quarterly	5-Dec-18	5-Sep-27	SBP Rate + 1% p.a
XIV	21,119,084	36	33	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XV	3,673,082	36	33	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XVI	97,485,667	36	33	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XVII	44,323,583	36	33	Quarterly	27-Dec-18	27-Sep-27	SBP Rate + 1% p.a
XVIII	53,685,056	36	34	Quarterly	6-Mar-19	6-Dec-27	SBP Rate + 1% p.a
XIX	44,525,250	36	36	Quarterly	7-Aug-19	7-May-28	SBP Rate + 1% p.a
XX	9,613,000	36	36	Quarterly	24-Jan-20	24-Oct-28	SBP Rate + 1% p.a
XXI	23,058,000	36	36	Quarterly	24-Jan-20	24-Oct-28	SBP Rate + 1% p.a
XXII	36,464,000	36	36	Quarterly	14-Feb-20	14-Nov-28	SBP Rate + 1% p.a
XXIII	4,613,374	36	34	Quarterly	4-Dec-19	25-Nov-27	SBP Rate + 1.5% p.a
	606,354,022						
Demand Finances							
I	16,615,415	36	35	Quarterly	6-May-19	6-Feb-28	SBP Rate + 2.5% p.a
II	3,547,639	36	35	Quarterly	23-Apr-19	23-Jan-28	SBP Rate + 2.5% p.a
III	51,892,556	36	35	Quarterly	6-May-19	6-Feb-28	SBP Rate + 2.5% p.a
IV	12,725,150	36	35	Quarterly	27-May-19	27-Feb-28	SBP Rate + 2.5% p.a
V	7,310,300	36	36	Quarterly	12-Jul-19	12-Apr-28	SBP Rate + 2.5% p.a
VI	101,573,889	36	35	Quarterly	7-Apr-19	7-Jan-28	SBP Rate + 2.5% p.a
VII	3,588,890	36	34	Quarterly	1-Mar-19	5-Dec-27	SBP Rate + 2.5% p.a
VIII	6,073,725	36	34	Quarterly	12-Feb-19	12-Nov-27	SBP Rate + 2.5% p.a
IX	66,310,766	36	35	Quarterly	1-Apr-19	30-Jan-28	SBP Rate + 2.5% p.a
X	57,472,916	36	36	Quarterly	1-Jul-19	6-Mar-28	SBP Rate + 2.5% p.a
	327,111,246						
Diminishing Musharakah							
I	44,529,100	36	36	Quarterly	12-Jul-19	12-Apr-28	SBP Rate + 2.5% p.a
	44,529,100						

The loans are secured against first joint parri passu charge and ranking charge over present and future fixed assets of the Parent Company. It is further secured by the personal guarantee of directors of the Parent Company. The aggregate unavailed facility available to the Parent Company is Rs. 238.53 million (2018: Rs. 396.40 million.)

Effective markup rates charged during the year ranges from 3.00% to 14.21% per annum (2018: 3.00% to 7.93%).

	2019 Rupees	2018 Rupees
19. Deferred taxation		
Opening balance	551,785,282	416,519,161
(Reversal) of deferred tax related to:		
Incremental depreciation on revalued assets	(22,399,736)	(11,859,090)
Surplus realised on disposal of revalued assets	(4,856,325)	(326,115)
Provision of deferred tax on surplus	(1,721,574)	8,736,834
Provided during the year	(128,164,835)	138,714,492
	394,642,812	551,785,282

	2019 Rupees	2018 Rupees
19.1 It represents the following:		
Deferred tax liability:		
Difference between accounting and tax bases of assets	410,296,403	577,947,411
Deferred tax asset:		
Carry forward tax credits and losses	(15,653,591)	(26,162,129)
	394,642,812	551,785,282

20. CONTINGENCIES AND COMMITMENTS
Contingencies

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date Instituted
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Income Tax

Commissioner Inland Revenue (Appeals)	The assessing officer of Inland Revenue passed order and created demand of Rs. 46,673,768/- (2018: Rs. 46,673,768/-) in respect of tax year 2015. Currently appeals against this order are pending before Commissioner (Appeals) Faisalabad. Furthermore the assessing officer of Inland Revenue passed orders and created demands of Rs. 42,778,422/- in respect of tax year 2014 and appeal was filed before commissioner (Appeals) Faisalabad and the same is remanded back. The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.	Company vs. Federal Board of Revenue	April 06, 2017 April 20, 2017 April 24, 2017
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Sales Tax

Commissioner Inland Revenue (Appeals)	The assessing officer of Inland Revenue passed orders in respect of tax period July-2011 to June-2016, November-2013 and July-2011 to April-2012 and created demand of Rs. 9,405,301/- (2018: Rs. 9,405,301/-), Rs. 439,654/- (2018: Rs. 279,643/-) and Rs. 232.667/- (2018: Rs. 232.667/-) respectively. Currently the cases are pending for adjudication before Commissioner Inland Revenue (Appeals). The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.	Company vs. Federal Board of Revenue	June 10, 2015 June 30, 2017 November 10, 2017 June 14, 2018
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Appellate Tribunal Inland Revenue	The assessing officer of Inland Revenue passed orders in original in respect of tax periods from August-2013 to July-2015 and July-2010 to June-2011 and created demand of Rs. 8,806,053/- (2017: Rs. 8,806,053/-). Being aggrieved by the orders the Parent Company filed appeals before the CIR(A) against the ONOs. The CIR(A) partially set aside the demand of Rs. 1,545,923/- and disposed off the appeals. The Parent Company filed the appeals before ATIR for the remaining demand. Currently the case is pending for adjudication before ATIR. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favor of the Parent Company. Pending the outcome of the matter, no provision has been made in these financial statements.	Company vs. Federal Board of Revenue	March 22, 2014 August 22, 2016
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Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date Instituted
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Other

Civil Court	The Director Social Security issued an order based on reassessment of number of employees and demanded Rs. 4,192,808/- (2017: Rs. 4,192,808/-) contribution regarding prior years. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favor of the Parent Company. Pending the outcome of the matter, no provision has been made in these financial statements.	Company vs. Director Social Security	October 25, 2016
Custom Appellate Tribunal. Lahore	The custom officer of Exise and Customs department passed order in respect of year ended June 30, 2019 and created demand of Rs.7,997,509/- which includes penalty of Rs. 100,000/- and default surcharge of Rs. 25,000/-. Currently the case is pending for adjudication before Custom Appellate Tribunal Lahore. The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.	Company vs. Director Social Security	June 26, 2018

2019
Rupees **2018**
Rupees

Bank guarantees issued in favour of : Sui Northern Gas Pipelines Limited for supply of gas Faisalabad Electric Supply Company Limited for supply of electricity.	86,820,000 21,342,760	86,820,000 21,342,760
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Indemnity bonds issued in favour of collector of customs / sales tax, Faisalabad to avail exemption of sales tax and custom duty on imported raw material / machinery.	242,878,245	118,921,446
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Commitments

Under letters of credit for: Plant and machinery	510,988,862	11,233,812
Raw material and spare parts	180,017,589	54,595,607
Under contracts for purchase of land	143,583,466	123,683,320

21. Share capital
21.1 Authorised capital

2018	2019		2019	2018
Number of shares	Number of shares		Rupees	Rupees
220,000,000	220,000,000	Ordinary shares of Rs. 10/- each.	2,200,000,000	2,200,000,000

21.2 Issued, subscribed and paid up capital

2018	2019		2019	2018
Number of shares	Number of shares		Rupees	Rupees
89,462,580	89,462,580	Ordinary shares of Rs. 10/- each fully paid in cash.	894,625,800	894,625,800
23,041,604	23,041,604	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	230,416,040	230,416,040
78,916,915	78,916,915	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	789,169,150	789,169,150
191,421,099	191,421,099		1,914,210,990	1,914,210,990

	2019 Rupees	2018 Rupees
22. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Surplus on revaluation of property, plant and equipment at the beginning of the year	1,547,180,487	1,601,689,121
Transferred to unappropriated profit in respect of :		
Incremental depreciation	(101,676,485)	(53,323,007)
Surplus realised on disposal	(20,006,745)	(1,185,627)
	<u>(121,683,230)</u>	<u>(54,508,634)</u>
Surplus on revaluation of property, plant and equipment as at June 30,	1,425,497,257	1,547,180,487
Related deferred tax liability on:		
Revaluation at the beginning of the year	225,726,571	229,174,942
Deferred tax relating to:		
Incremental depreciation	(22,399,736)	(11,859,090)
Surplus realised on disposal	(4,856,325)	(326,115)
Deferred tax provided during the year	(1,721,574)	8,736,834
	<u>196,748,936</u>	<u>225,726,571</u>
	<u><u>1,228,748,321</u></u>	<u><u>1,321,453,916</u></u>

22.1 Latest revaluation of freehold land, building on freehold land and plant and machinery was carried out by independent valuers M/S Joseph Lobo (Pvt) Limited as at June 30, 2017. Freehold land, building on freehold land and plant and machinery were revalued on market value basis. The valuation is based on unobservable inputs which is Level 3 of fair value hierarchy.

	Note	2019 Rupees	2018 Rupees
23. Sales			
Export			
Cloth / made ups	23.1	2,341,893,792	2,020,704,966
Local			
Yarn		10,733,368,372	7,861,522,624
Cloth		12,040,679	29,392,585
Waste and left over		403,298,738	352,280,051
Conversion receipts		20,483,012	40,783,009
		<u>11,169,190,801</u>	<u>8,283,978,269</u>
		<u>13,51,084,593</u>	<u>10,304,683,235</u>
Add: Export rebate / duty drawback		25,323,420	93,646,506
		<u>13,536,408,013</u>	<u>10,398,329,741</u>
Less: Commission and claims		91,718,715	69,153,239
		<u><u>13,444,689,298</u></u>	<u><u>10,329,176,502</u></u>

23.1 It includes exchange gain of Rs. 92,672,483/- (2018: Rs. 33,171,840/-).

	Note	2019 Rupees	2018 Rupees
24. Cost of sales			
Cost of goods manufactured	24.1	11,991,206,135	9,237,609,345
Finished goods			
Opening stock		223,568,351	280,972,534
Closing stock		(231,768,716)	(223,568,351)
		(8,220,365)	57,404,183
		11,982,985,700	9,295,013,528
24.1 Cost of goods manufactured			
Raw material consumed	24.1.1	9,393,527,071	7,125,618,381
Packing material consumed		124,689,140	93,295,226
Salaries, wages and benefits		684,141,205	616,792,349
Retirement benefits		25,127,754	21,830,989
Stores and spares consumed		350,762,370	315,579,146
Fuel and power		859,240,403	772,540,585
Repairs and maintenance		21,861,435	20,970,862
Insurance		15,057,981	13,921,868
Depreciation	4.2	534,907,515	245,213,497
Other		5,823,083	5,058,742
		12,015,137,957	9,230,821,645
Work in process			
Opening stock		84,099,138	90,886,838
Closing stock		(108,030,960)	(84,099,138)
		(23,931,822)	6,787,700
		11,991,206,135	9,237,609,345
24.1.1 Raw material consumed			
Opening stock		2,481,314,014	1,441,535,919
Purchases including purchase expenses		9,176,635,683	8,165,396,476
		11,657,949,697	9,606,932,395
Closing stock		(2,264,422,626)	(2,481,314,014)
		9,393,527,071	7,125,618,381
25. Trading profit			
Sale of cotton / polyester		34,218,744	247,369,015
Cost of sales		34,144,391	234,659,097
		74,353	12,709,918
26. Other income			
Income from financial assets:			
Profit on deposits		103,840	49,036
Dividend		4,045,708	6,068,562
Adjustment in fair value		-	20,835,396
Rental income		3,882,349	2,352,944
Income from assets other than financial assets:			
Scrap sales		524,021	1,449,097
Balances written back		134,614	190,224
		8,719,713	30,966,890
27. Distribution cost			
Ocean freight		74,077,840	68,316,861
Local freight		17,834,694	16,500,169
Clearing and forwarding		17,285,368	26,037,415
Export development surcharge		5,146,171	4,765,462
Insurance		652,404	940,295
Other		4,101,822	2,391,052
		119,098,299	118,951,254

	Note	2019 Rupees	2018 Rupees
28. Administrative expenses			
Directors' remuneration		5,865,000	1,980,000
Staff salaries and benefits		58,431,380	50,376,487
Retirement benefits		3,598,416	3,180,656
Postage and telecommunication		3,258,992	3,330,057
Vehicles running and maintenance		13,196,136	11,357,743
Travelling and conveyance		1,716,491	1,066,830
Printing and stationery		1,333,125	1,331,117
Electricity and gas		3,137,418	2,517,904
Fees, subscriptions and periodicals		5,211,922	7,614,057
Advertisement		128,648	123,300
Insurance		686,754	674,213
Auditors' remuneration	28.1	1,651,750	1,277,000
Legal and professional		2,835,818	2,696,642
Rent, rates and taxes		635,637	421,296
Entertainment		1,742,214	2,252,653
Provision for doubtful debts		7,952,217	22,600,585
Depreciation on operating assets	4.2	8,300,656	7,857,983
Depreciation on investment property		4,008,730	3,037,089
Amortisation of intangible assets	5.1	845,821	1,212,586
Other		7,597,503	3,378,962
		132,134,628	130,151,900
28.1 Auditors' remuneration			
Audit fee		1,236,000	1,030,000
Fee for the review of half yearly financial information		300,000	161,250
Other Certifications		15,750	15,750
Out of pocket expenses		100,000	100,000
		1,651,750	1,307,000
29. Other operating expenses			
Workers' profit participation fund		39,953,150	30,229,939
Loss on disposal of property, plant and equipment - net		32,334,831	2,177,119
Adjustment in fair value of short term investment		14,706,149	-
		86,994,130	32,407,058
30. Finance cost			
Interest / mark up on:			
Long term finance		48,458,036	45,814,560
Short term borrowings		327,938,428	170,695,445
Workers' profit participation fund		2,509,748	532,408
Bank charges and commission		9,662,788	6,925,356
		388,569,000	223,967,769
31. Provision for taxation			
Current			
for the year		154,504,721	97,809,388
for prior year		(63,558,543)	13,034,360
Deferred		(128,164,835)	138,714,492
		(36,377,043)	249,558,240
31.1 Relationship between tax expense and accounting profit			

Reconciliation between accounting profit and tax expense has not been presented in these financial statements as income of the Parent Company is subject to turnover tax and final tax under Section 113 and 154 of the Income Tax Ordinance, 2001. The rental income of the Subsidiary is subject to tax under separate block of income .

	2019	2018
32. Earnings per share - Basic and diluted		
Profit for the year attributable to shareholders of the Parent (Rupees)	780,799,317	324,228,529
Weighted average number of ordinary shares outstanding during the year	191,421,009	191,421,099
Earnings per share - Basic and diluted (Rupees)	4.08	1.70

32.1 There is no dilutive effect on the basic earnings per share of the Group.

33. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

	2019			2018		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
Remuneration	2,752,000	1,001,600	19,000,320	768,000	499,200	17,011,200
House rent allowance	1,238,400	450,720	8,550,144	345,600	224,640	7,655,040
Medical allowance	275,200	100,160	1,900,032	76,800	49,920	1,701,120
Utilities allowance	34,400	12,520	237,504	9,600	6,240	212,640
	4,300,000	1,565,000	29,688,000	1,200,000	780,000	26,580,000
Number of persons	1	1	11	1	1	9

33.1 Chief Executive Officer is entitled to free use of the Company maintained vehicle. The monetary value of running and maintenance is Rs. 2,926,084/- (2018: Rs. 2,167,470/-). The Directors have waived off their meeting fee.

34. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Group in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and key management personnel. Amounts due to related parties are shown under the relevant notes to the financial statements. Remuneration to Chief Executive Officer, Director and Executives is disclosed in Note 34. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2019 Rupees	2018 Rupees
Director	Shares issued	-	57,638,000
	Loan	-	1,000,000.00
		2019	2018

35. DISCLOSURE WITH REGARD TO PROVIDENT FUND

Size of the fund	(Rupees)	108,461,295	94,987,325
Cost of investment made	(Rupees)	-	-
Percentage of investment made	(Percentage)	0.00%	0.00%
Fair value of investment	(Rupees)	-	-

35.1 These figures are based on the un-audited financial statements of the provident fund.

	2019	2018
36. NUMBER OF EMPLOYEES		
Total number of employees as at June 30	2205	1679
Total number of factory employees as at June 30	1898	1585
Average number of employees during the year	2014	1684
Average number of factory employees during the year	1902	1587

37. PLANT CAPACITY AND ACTUAL PRODUCTION
Spinning

Number of spindles installed	93,024	93,024
Number of spindles worked	93,024	93,024
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count (Kgs)	38,020,617	38,020,617
Actual production of yarn 27,522,588 Kgs (2017: 24,943,782 Kgs) after conversion into 20/s count (Kgs)	34,290,567	33,847,535

Weaving

Number of looms installed	280	280
Number of looms worked	280	280
Number of shifts per day	3	3
Annual production capacity converted into 60 picks (Square Meters)	42,536,384	42,536,384
Actual production converted into 60 picks (Square Meters)	34,031,554	36,352,135

37.1 Reasons for shortfall:

- It is difficult to determine precisely the production / related capacity since it fluctuates widely depending on various factors such as speed, width and quality etc.
- The actual production is planned to meet the market demand.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimise risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

	2019 Rupees	2018 Rupees
38.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets at amortised cost:		
Long term deposits	4,476,224	4,450,142
Trade debts	1,231,079,982	971,774,514
Loans, advances and deposit	2,611,289	175,983
Other receivables	4,544,608	4,254,533
Cash and bank balances	83,459,305	24,778,023
	<u>1,326,619,285</u>	<u>1,005,581,340</u>
Financial asset at fair value:		
Short term investments	<u>72,984,572</u>	<u>87,690,721</u>

	2019 Rupees	2018 Rupees
Financial liabilities at amortised cost:		
Trade and other payables	329,744,865	690,659,583
Interest / mark up payable	82,218,408	54,769,323
Short term borrowings	3,232,569,584	3,615,814,126
Long term finance	977,994,368	1,123,289,963
	<u>4,622,670,800</u>	<u>5,485,390,570</u>

38.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Group's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Group are explained below:

38.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2019 Rupees	2018 Rupees
Long term deposits	4,476,224	4,450,142
Trade debts	1,231,079,982	971,774,514
Loans, advances and deposit	2,611,289	175,983
Other receivables	4,544,608	4,254,533
Bank balances	75,509,723	19,129,920
	<u>1,318,221,826</u>	<u>999,785,092</u>

Due to Parent Company's long standing relations with counterparties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Parent except trade debts considered doubtful.

For trade debts credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The aging of trade debts as at balance sheet date is as under:

	2019 Rupees	2018 Rupees
Not past due	1,213,050,598	965,575,120
Past due	110,215,145	90,432,938
Less: Provision for doubtful debts	(92,185,791)	(84,233,544)
	<u>18,029,384</u>	<u>6,199,394</u>
	<u>1,231,079,982</u>	<u>971,774,514</u>

Appropriate provision has been made in respect of past due trade debts considered doubtful. The credit risk exposure is limited in respect of bank balances as these are placed with local banks having good credit rating from international and local credit rating agencies.

38.2.3 Market risk

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

i) Interest rate risk

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

Majority of interest rate risk arises from borrowings from banks. The interest rate profile of the Group's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period.

Fair value sensitivity analysis for fixed rate instruments.

The Group has no fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not effect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, profit for the year and equity would have been lower / higher by Rs.18.82 million (2018: Rs. 10.83 million).

ii) 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. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Parent Company is exposed to currency risk on foreign debtors. The total foreign currency risk exposure on reporting date amounted to Rs. 291.40 million (2018: Rs. 291.40 million).

At June 30, 2019, had the currency been weakened / strengthened by 5% against the U.S dollar and Euro, with all other variables held constant, profit for the year and equity would have been higher / lower by Rs.20.41 million (2018: Rs. 15.02 million).

iii) Equity price risk

Trading and investing in quoted equity securities give rise to equity price risk. At the financial position date the Company is exposed to equity price risk in respect of short term investments. The total equity price risk exposure on reporting date amounted to Rs. 72.98 million (2018: Rs. 87.69 million).

At June 30, 2019, had the quoted securities prices been increased / decreased by 5%, with all other variables held constant, short term investments and equity would have been higher / lower by Rs. 3.65 (2018: Rs. 4.38 million).

38.3 Fair values of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

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.

38.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay financing from / to financial institutions.

Consistent with others in the industry, the Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total of long term finance and short term borrowings. Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves' and net debt (net of cash and cash equivalent).

The salient information relating to capital risk management of the Group as of June 30, 2019 and 2018 were as follows:

	Note	2019 Rupees	2018 Rupees
Total Debt	17 & 18	4,210,563,952	4,739,104,089
Less: Cash and bank balances		83,907,182	24,926,168
Net Debt		4,126,656,770	4,714,177,921
Total equity		5,910,929,230	5,168,149,663
Total capital		10,037,586,000	9,882,327,584
Gearing ratio		41.11%	47.70%

39. DATE OF AUTHORISATION FOR ISSUE

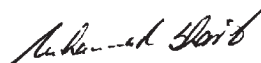
These financial statements were authorised for issue on October 5, 2019 by the Board of Directors of the Group.

40. NON-ADJUSTING EVENT AFTER THE FINANCIAL POSITION DATE**41. GENERAL**

40.1 Figures have been rounded off to the nearest Rupee except where mentioned rounding off in Rupees in thousands.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



FORM OF PROXY

I/we.....of.....being member(s)of Zahidjee Textile Mills Limited entitled to vote and holder of.....ordinary shares as per Registered Folio No.....do hereby appoint Mr. / Ms.....of..... who is a member of the company vide Registered Folio No.....of failing him/her Mr./Ms.....of.....Who is also a member of the Company, vide Registered Folio No.....as my/our proxy in my/our absence to Speak and vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held at Registered office 2H, Gulberg II, Jail Road, Lahore, on Tuesday October 26, 2019 at 11:30A.M and at any adjournment thereof. As witness my/our hand this.....day of.....2019. Signed by said..... in the presence of.....

Date: Member's Signature

Place:

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and sign across

Witness's Name Witness's Name

Witness's Signature Witness's Signature

Witness's CNIC Witness's CNIC

Important:

1. This proxy form in order to be effective, must be deposited duly completed at Head Office of the Company at 2H, Gulberg II, Jail Road, Lahore, not less than 48 hours before the time of holding the meeting.
2. **For attending meetings:**
 - In case of individuals, the account holders or sub-account holders and / or the persons whose shares are in group accounts and their registration details are uploaded as per CDC regulations shall authenticate their identity by showing their original Computerized National Identity Cards (CNICs) or original passports at the time of attending meeting.
 - In case of corporate entities, the Board of Directors Resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of meeting.
3. **For appointing proxies:**
 - In case of individual, the account holders or sub-account holders and /or the persons whose share in group accounts and their registration detail are uploaded as per CDC regulations shall submit the proxy forms accordingly.
 - The proxy shall witnessed by two persons whose name, addresses and CNIC numbers shall be mentioned on the form.
 - The proxy shall produce their original CNIC or original passport at the time of the meeting.
 - In case of corporate entities, the Board of Directors resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

ZAHIDJEE TEXTILE MILLS LIMITED

Zahidjee House: 2-H, Gulberg II, Jail Road, Lahore.
Tel: 042-35777291-5 URL: www.zahidjee.com.pk