

Annual Report 2019



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COMPANY INFORMATION

Board of Directors

Sheikh Mukhtar Ahmad	<i>Chairman</i>
Mohammad Naeem Mukhtar	<i>Chief Executive Officer</i>
Muhammad Waseem Mukhtar	
Mohammad Naeem Asghar	
Abdul Hameed Bhutta	
Mohammad Waqar	
Ikram ul Haq Mian	

Chief Financial Officer

Mohammad Naeem Asghar

Company Secretary

Muhammad Labeeb Subhani

Auditors

Deloitte Yousuf Adil
Chartered Accountants

Human Resource & Remuneration Committee

Mohammad Waqar	<i>Chairman</i>
Abdul Hameed Bhutta	<i>Member / Secretary</i>
Ikram ul Haq Mian	<i>Member</i>

Audit Committee

Ikram ul Haq Mian	<i>Chairman</i>
Abdul Hameed Bhutta	<i>Member</i>
Mohammad Waqar	<i>Member</i>
Muhammad Iqbal Chaudhry	<i>Secretary</i>

Registrar's & Shares Registration Office

CDC Share Registrar Services Limited
CDC House, 99 - B, Block - B, S.M.C.H.S.
Main Shahra-e-Faisal, Karachi - 74400, Pakistan



Bankers

Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
BankIslami Pakistan Limited
Citibank, N.A.
Deutsche Bank AG
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Registered Office

Ibrahim Centre
1 - Ahmed Block
New Garden Town
Lahore - 54600
Pakistan

Head Office

Ibrahim Centre
15 - Club Road
Faisalabad - 38000
Pakistan

Projects Location

38 - 40 Kilometres
Faisalabad - Sheikhpura Road
Faisalabad, Pakistan



FINANCIAL HIGHLIGHTS

For the year ended June 30,

	2019	2018	2017	2016	2015	2014
						(Rupees in million)
Operating Performance						
Sales - net	66,238	53,887	39,911	34,710	37,274	47,972
Gross profit	3,847	4,496	2,425	980	838	1,329
Operating profit	2,736	3,445	1,444	130	128	533
Profit before taxation	2,044	2,923	7,824	1,922	1,360	1,100
Profit after taxation	998	2,107	8,480	1,535	803	874

As at June 30,

	2019	2018	2017	2016	2015	2014
						(Rupees in million)
Financial Position						
Property, plant and equipment - net (excluding capital work in progress)	25,778	27,929	21,704	22,236	23,514	24,606
Intangible assets	33	27	36	42	47	54
Capital work in progress	6,198	1,260	6,821	2,502	638	385
Fixed assets	32,009	29,216	28,561	24,780	24,199	25,045
Total assets	53,570	47,008	52,281	51,058	49,604	47,977
Current Assets						
Stores, spare parts and stocks in trade	14,589	12,134	10,087	7,327	8,421	8,200
Other current assets	6,828	5,555	13,486	5,049	4,197	3,523
Cash and cash equivalents	37	46	98	103	164	86
	21,454	17,735	23,671	12,479	12,782	11,809
Current Liabilities						
Short term borrowings	5,107	2,097	4,924	2,691	7,386	2,683
Current portion of long term financing	-	933	2,058	1,683	450	3,250
Other current liabilities	4,399	2,342	1,915	2,226	1,945	1,758
	9,506	5,372	8,897	6,600	9,781	7,691
Net working capital	11,948	12,363	14,774	5,879	3,001	4,118
Long term financing	1,500	-	4,421	5,617	9,925	11,897
Share capital and reserves	39,474	38,957	37,246	36,238	27,346	26,524

For the year ended June 30,

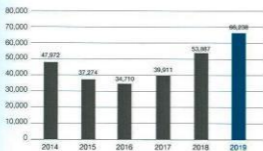
		2019	2018	2017	2016	2015	2014
Profitability Analysis							
Gross profit to sales	(%)	5.8	8.3	6.1	2.8	2.2	2.8
Profit before tax to sales	(%)	3.1	5.4	19.6	5.5	3.6	2.3
Profit after tax to sales	(%)	1.5	3.9	21.2	4.4	2.2	1.8
Return on capital employed	(%)	6.2	8.3	3.3	0.3	0.3	1.3
Return on equity	(%)	2.5	5.4	22.8	4.2	2.9	3.3
Earnings per share	(Rupees)	3.2	6.8	27.3	4.9	2.6	2.8
Dividends							
Final cash dividend - Proposed	(%)	10	15	10	-	-	-

As at June 30,

		2019	2018	2017	2016	2015	2014
Financial Analysis							
Current ratio	(times)	2.3	3.3	2.7	1.9	1.3	1.5
Debt to equity	(times)	0.0	0.0	0.2	0.2	0.4	0.6
Leverage ratio	(times)	0.4	0.2	0.4	0.4	0.8	0.8
Debt service coverage	(times)	3.7	2.4	4.4	3.0	1.2	1.0
Breakup value per share	(Rupees)	127.1	125.5	120.0	116.7	88.1	85.4
Inventory turnover ratio	(times)	6.2	6.0	6.0	5.8	5.8	6.4
Debtors turnover ratio	(times)	143.8	170.4	183.8	180.7	125.2	137.4
Fixed assets turnover ratio	(times)	2.2	1.9	1.5	1.4	1.5	1.8

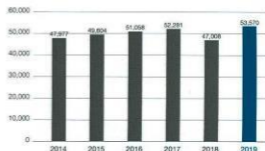
Sales - Net

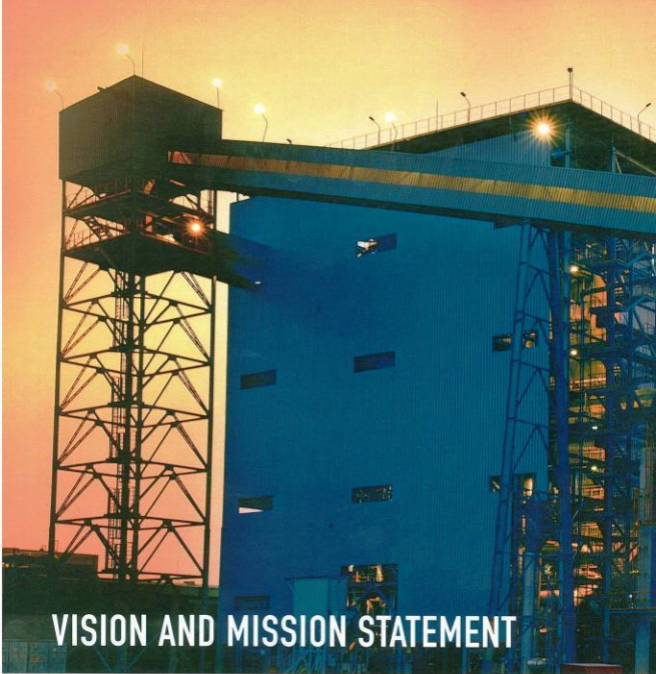
(Rupees in million)



Total Assets

(Rupees in million)





VISION AND MISSION STATEMENT

Our Vision

To be a sustainable, growth oriented Company and achieve scale to remain competitive in the global economy.



Our Mission

To build the Company on sound financial footings with better productivity, excellence in quality and improved efficiency at lower operating costs by utilising state of the art technologies.

To accomplish excellent results through increased earnings which can benefit all the stakeholders.

To be a responsible employer and to take care of the employees in their career planning and reward them according to their abilities and performance.

To fulfill general obligations towards the society, being a good corporate citizen.

CHAIRMAN'S REVIEW

I am pleased to present the review on the performance of your Company and its Board for the year ended June 30, 2019 along with effectiveness of the role played by the Board in achieving the Company's objectives.

Industry Overview

Despite bleak global economic outlook, domestic industry showed flexibility and maintained its momentum throughout the financial year under review. However, margins across the domestic textile chain remained under pressure primarily due to increase in interest rates, upward inflation and depreciation of the local currency. Moreover, crude oil prices remain under pressure throughout the financial year under review mainly due to change in policies by USA and OPEC, causing consistent downward trends in PSF and its feedstock prices. Resultantly, margins remained under pressure throughout petrochemical industry including your Company.

Marketing Activities

The polyester plant of your Company achieved sales volume of 291,825 tons of PSF during the year under review as against sales of 314,193 tons of PSF during the previous year.

The textile plants of your Company achieved sales of 33,528 tons of different counts of blended yarns during the year, as against sales of 26,900 tons of yarns during previous year.

Production Operations

The polyester plant of your Company achieved production of 313,880 tons of PSF as against 326,269 tons of PSF during the previous year. Out of the above production, 21,907 tons of PSF were consumed by the textile plants of your Company during the year for production of blended yarns as against 20,068 tons consumed during previous year.

At the textile plants of your Company, 138,829 spindles remained operational during the year and manufactured

31,646 tons of different counts of blended yarns as against 134,895 spindles manufacturing 27,777 tons of yarns during previous year.

Financial Performance

Your Company achieved net sales of Rs. 66,238 million during the year under review as compared to Rs. 53,887 million during the previous year. The gross profit earned during the year was Rs. 3,847 million as against Rs. 4,496 million earned during previous year.

Your Company earned profit before tax amounting to Rs. 2,044 million during the year as compared to Rs. 2,923 million during the previous year. Profit after tax for the year comes to Rs. 998 million as compared to Rs. 2,107 million during previous year.

Expansion in Yarn Manufacturing Capacity

Management of your Company initiated a state of the art project last year to enhance its yarn manufacturing capacity. This project consists of a yarn spinning plant having 100,320 spindles with annual production capacity of 32,500 tons of blended yarn.

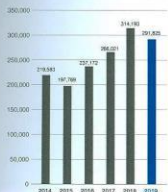
Plant and machinery for this project is being provided by World's leading suppliers i.e. Truetzschler and Saurer Spinning Solutions, Germany and Luwa Air Engineering, Switzerland.

During the period under review, substantial amount of civil work was completed and installation of plant and machinery was started. First phase of this project is planned to commence commercial operations during second half of current calendar year.



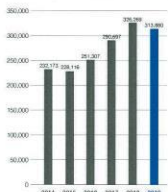
PSF / Polyester Chips Sales

(Quantity in M. Ton)



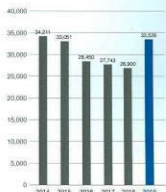
PSF / Polyester Chips Production

(Quantity in M. Ton)



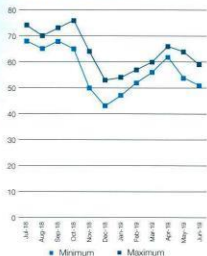
Yarn Sales

(Quantity in M. Ton)



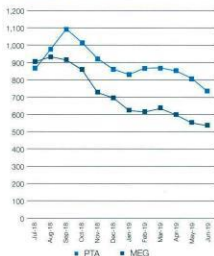
Crude Oil (WTI) Prices

(US Dollar / Barrel)



PTA & MEG Prices

(US Dollar / M. Ton)



CHAIRMAN'S REVIEW

Balancing, Modernisation and Replacement

Textile Plants

During the year under review, your Company successfully completed the projects for automatic yarn quality control and cone transport & packing systems for Textile Plant - I and Textile Plant - III. Plant and machinery was supplied by Neuenhauser Maschinenbau GMBH, Germany.

Successful implementation of these projects resulted in improvement in quality as well as reduction in human intervention on these plants of your Company.

Polyester Plant - II

In order to deploy latest technologies for plant operations, management of your Company has decided to replace digital control system (DCS) for polymer, spinning and draw lines of Polyester Plant - II. Accordingly, an agreement has been signed with the technology supplier of existing polyester plants Technip Zimmer, Germany for supply of engineering, equipment and supervision.

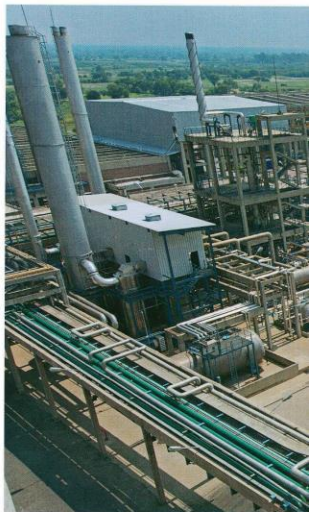
The letters of credit for import of equipment has been established and shipments are expected to start during second half of next financial year.

Power Generation Plant

In line with Company's philosophy of deploying latest technologies for plant operations, your Company has initiated another project for replacement of automatic controlling and monitoring system for 6 Niigata power generating sets. Accordingly, an agreement has been signed with Niigata Power Systems, Japan who is also the supplier of these power generating sets.

The letters of credit for import of equipment has been established and shipments are expected to be completed during first half of next financial year.

Implementation of these BMRs will result in improvement in quality, efficiency and productivity of the manufacturing plants of your Company.

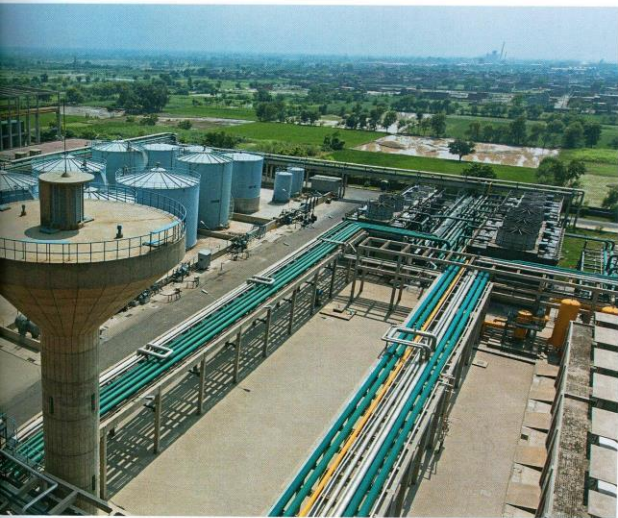


Professionalism and Human Resources

Management of your Company has always been making utmost efforts to enhance its human resource potential to the maximum as it believes that human resources play a very vital role in growth and success of an organisation.

These efforts are focused on not only inducting highly talented and qualified individuals but also enabling them for future business leadership. Accordingly, numerous learning events were arranged internally during the financial year under review.

Moreover, your Company arranged a large number of external learning programs for its several executives on various topics including project management, human resource management, Block-chain in world of finance,



financial modelling & business intelligence, Artificial Intelligence & machines learning, Oracle ERP applications, imports & exports documentation, corporate laws, labour laws and taxation.

Future Outlook

Effects of economic downturn have largely become visible in the domestic industry. Moreover, revenue measures through direct and indirect taxation as announced in Federal Budget 2019 - 20 have further squeezed liquidity of local industry in general and textile industry in particular. These factors are expected to result in range bounded economic activities across entire domestic textile industry.

On the international front, trade conflicts between USA & China are expected to remain unresolved in the near future. These conflicts may keep crude oil prices volatile as well, resulting in variation in margins throughout petrochemical industry.

Acknowledgement

I am thankful to the members of the Board of Directors of the Company, shareholders, bankers, financial institutions, our valued customers and suppliers for their support and assistance. I also thank the executives and other employees of the Company for their dedication and hard work and look forward to getting the same cooperation in future.

A handwritten signature in blue ink, appearing to read 'Sheikh Mukhtar Ahmad', with a long, sweeping underline that extends to the left.

Sheikh Mukhtar Ahmad
Chairman

Lahore
September 16, 2019

NOTICE OF MEETING



Notice is hereby given that the 33rd Annual General Meeting of the shareholders of the Company will be held on October 24, 2019 at 11:00 A.M. at Pearl - Continental Hotel, Lahore to transact the following business:

Ordinary Business

1. To confirm the minutes of the preceding meeting of the shareholders of the Company.
2. To consider and approve the annual audited financial statements of the Company for the year ended June 30, 2019 together with directors' and auditor's reports thereon.
3. To consider and approve the payment of Final Cash Dividend @ Rs. 1 per share (10%) as recommended by the Board of Directors.
4. To appoint Auditors for the year 2019 - 2020 and fix their remuneration. The present auditors M/s Deloitte Yousuf Adil, Chartered Accountants have retired and offered themselves for re-appointment as External Auditors of the Company for the year 2019 - 2020.
5. To transact any other business with the permission of the chair.

By order of the Board

Muhammad Labeeb Subhani
Company Secretary

Lahore
September 16, 2019

Notes

- i. The share transfer books of the Company shall remain closed from October 17, 2019 to October 24, 2019 (both days inclusive) to determine the names of members entitled to receive the Final Cash Dividend and to attend the Meeting. Transfers received in order at M/s CDC Share Registrar Services Limited, CDC House, 99 - B, Block - B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, the Registrar's and Shares Registration Office of the Company, at the close of business on October 16, 2019 will be treated in time.
- ii. A member entitled to attend and vote at the Meeting may appoint another member as his / her proxy to attend and vote for him / her. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.
- iii. Members are requested to notify immediately changes, if any, in their registered address.
- iv. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

For Attending the Meeting

- i. In case of individuals, the account holder or sub - account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

For Appointing Proxies

- i. In case of individuals, the account holder or sub - account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.
- v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Circulation of Annual Audited Accounts via CD / USB / DVD

Pursuant to the directions given by the Securities & Exchange Commission of Pakistan through SRO 470 (1) / 2016 dated May 31, 2016 that has allowed the companies to circulate its Annual Audited Accounts to its members through CD / USB / DVD at their registered addresses.

Shareholders who wish to receive the hardcopy of Financial Statements shall have to fill the standard request form which is available on the Company's website (www.igcpk.com) and send us to the Company address.

NOTICE OF MEETING

Request to Shareholders

Pursuant to Section 242 of the Companies Act, 2017, all listed companies must pay cash dividend through electronic mode directly into the bank account designated by the entitled shareholders instead of issuing physical dividend warrants.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s CDC Share Registrar Services Limited, CDC House, 99 - B, Block - B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker / participant / CDC account services.

New Tax Implementation on Dividends

Pursuant to the provisions of the Finance Act 2019 effective from July 01, 2019, the rates of the tax deduction on dividend payments under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

1. For persons appearing in the active taxpayers' list - 15%
2. For persons not appearing in the active taxpayers' list - 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders are advised to make sure that their names are entered in the Active Taxpayers' List (ATL) provided on the website of FBR before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Taxation for Joint Shareholders

The FBR has clarified that where the shares are held in joint accounts / names, each account / joint holder will be treated individually as either a person appearing in the active taxpayers' list or a person not appearing in the active taxpayers' list and tax will be deducted according to his / her status on active taxpayers' list vis-à-vis shareholding position. The shareholders, who are having joint shareholding status, are requested to kindly intimate their shareholding proportions to the Shares Registrar of the Company, M/s CDC Share Registrar Services Limited, latest by October 16, 2019, in the following format:

Folio / CDC A/c No.	Name of Shareholders (Principal / Joint Holders)	No. of Shares or Percentage (Proportion)	CNIC No.	Signature
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If the shareholding proportion is not advised or determined, each joint shareholder will be assumed to hold equal proportion of shares and deduction of withholding tax will be made accordingly.

Requirement of Valid Tax Exemption Certificate for Claiming Exemption from Withholding Tax

As per FBR Circulars C. No. 1 (29) WHT / 2006 dated June 30, 2010 and C. No.1 (43) DG (WHT) / 2008 - Vol. II - 66417 - R dated May 12, 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under Clause 47B of Part - IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure, otherwise tax will be deducted on dividend as per applicable rates.

Exemption from Deduction of Zakat

Members desiring non - deduction of zakat are requested to submit a valid declaration for non - deduction of zakat.

Unclaimed Dividends and Bonus Shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares are advised to contact our Share Registrar M/s CDC Share Registrar Services Limited, to collect / inquire about their unclaimed dividend or pending shares if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years, from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

Attendance of Meeting by Video - Link

If Members holding ten (10) percent of the total paid up capital, reside in a city, such Members, may demand the Company to provide them the facility of video - link for attending the Meeting. The Company will arrange video conference facility in the city subject to availability of such facility in that city.

If you wish to take benefit of this facility, please fill the form appearing below and submit it to the Company at its registered address at least seven (7) days prior to the date of the Meeting:

I / We, _____ of _____, being a member of Ibrahim Fibres Limited, holder of _____ ordinary share(s) as per Registered Folio / CDC Account No. _____ hereby opt for video link facility at _____.

Signature of Member

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

DIRECTORS' REPORT

The Directors of your Company are pleased to present before you the audited Financial Statements for the year ended June 30, 2019 along with Auditor's report thereon.

Financial Results

The financial results for the year under review with corresponding figures of previous year are presented for having a quick look on the performance of the Company.

	2019 Rupees	2018 Rupees
Gross profit	3,847,025,969	4,495,940,047
Selling and distribution expenses	(343,674,679)	(334,174,091)
Administrative expenses	(767,457,734)	(717,047,912)
Other operating expenses	(146,889,839)	(176,627,782)
Finance cost	(612,097,258)	(386,786,162)
	(1,870,119,510)	(1,614,635,947)
	1,976,906,459	2,881,304,100
Other income	67,563,225	41,440,917
Profit before taxation	2,044,469,684	2,922,745,017
Provision for taxation	(1,045,977,175)	(816,055,169)
Profit for the year	998,492,509	2,106,689,848
Remeasurement of staff retirement gratuity - net of tax	(15,439,924)	(85,581,326)
Un - appropriated profit brought forward	30,689,793,537	28,979,192,010
Profit available for appropriation	31,672,846,122	31,000,300,532
Final cash dividend @ 15% (2018:10%)	(465,760,493)	(310,506,995)
Un - appropriated profit carried forward	31,207,085,629	30,689,793,537
Earnings per share - Basic and Diluted	3.22	6.78

Proposed Appropriation of Profit - Final Cash Dividend

The Board has recommended payment of Final Cash Dividend for the year ended June 30, 2019 @ Rs. 1 per share (10%) to all the shareholders of the Company.

	2019 Rupees	2018 Rupees
Final Cash Dividend		
Rs.1 per share @ 10% (2018: 15%)	310,506,995	465,760,493

Chairman's Review

The Directors of your Company fully endorse the Chairman's review on the performance of the Company for the year ended June 30, 2019.

Auditors

The external auditors M/s Deloitte Yousuf Adil, Chartered Accountants, retire and offer themselves for their re-appointment. The Audit Committee recommends the re-appointment of M/s Deloitte Yousuf Adil, Chartered Accountants, as external auditors for the financial year ending June 30, 2020.

Pattern of Shareholding

Pattern of shareholding as on June 30, 2019 is annexed.

Number of Board Meetings Held

Four meetings of the Board of Directors were held during the year ended June 30, 2019 and the attendance of the Directors is as follows:

Attendance		
Sheikh Mukhtar Ahmad	Chairman	03
Mohammad Naeem Mukhtar	Chief Executive Officer	03
Muhammad Waseem Mukhtar	Director	04
Abdul Hameed Bhutta	Director	04
Mohammad Waqar	Director	04
Mohammad Naeem Asghar	Director	04
Ikrum ul Haq Mian	Director	03

Audit Committee

The Audit Committee of the Company is in place and comprises of the following members as required under the Code of Corporate Governance.

Ikrum ul Haq Mian (Independent Director)	Chairman
Abdul Hameed Bhutta (Non - Executive Director)	Member
Mohammad Waqar (Independent Director)	Member

Six Meetings of Audit Committee were held during the year ended June 30, 2019 as required by the Code of Corporate Governance for review of quarterly and annual financial statements and other related matters. The meetings were also attended by the CFO, Head of Internal Audit and External Auditors as and when required.

Corporate and Financial Reporting Framework

The Directors of the Company are pleased to confirm that the Company has made compliance of the provisions of the Code of Corporate Governance, set out in clause No. 5.19 of the Rule Book of Pakistan Stock Exchange, issued by the Securities and Exchange Commission of Pakistan and there is no material departure from the best practices as detailed in the listing regulations. Our statements on corporate and financial reporting are as follows:

1. The financial statements, prepared by the management of the Company present a fair state of affairs of the Company, results of its operations, cash flows and changes in equity;
2. Proper books of accounts of the Company have been maintained as required under the Companies Act, 2017;
3. Appropriate accounting policies have been applied consistently in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement;
4. International Accounting / Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no departure therefrom;
5. The system of internal control is sound and has been effectively implemented and monitored;
6. There is no significant doubt on the Company's ability to continue as a going concern;
7. Financial highlights for the last 6 years are annexed.

DIRECTORS' REPORT

Corporate Social Responsibility

Your Company understands its corporate responsibility towards society and fulfills its obligation by providing financial support to under privileged members of the society and its deserving employees as well as doing philanthropy work. The Company is also contributing considerable amounts to the National Exchequer, applying solutions for energy conservation and environment protection, providing the highest quality products and after-sales technical services to its valued customers.

Your Company regularly donates substantial amounts to renowned hospitals, trusts and to various institutions constituted for dealing with natural calamities as part of its philanthropic activities.

Your Company is providing healthy, safe and learning work environment to its employees and sends them on training courses, seminars, workshops and conferences both within country and abroad. It lends regular support to the special persons by offering them jobs in various departments of the organization. It also offers apprenticeship to fresh graduates, post graduates and engineers, on a regular basis, to elevate their professional and technical skills.

Your Company has also installed an environment friendly gas based power plant with a view to reduce power cost. Moreover, it produces steam as a by-product which is adequate to meet the entire steam requirements of Polyester plant of the Company thereby resulting in energy conservation.

During the year, your Company has contributed a huge amount to the National Exchequer by way of payment of various duties, levies and taxes.

Acknowledgement

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 for achieving good results and hope that this cooperation and support will also continue in future.

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

On behalf of the Board


Chief Executive Officer


Director

Lahore

September 16, 2019



STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2017
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:

a. Male	7
b. Female	Nil

2. The composition of Board is as follows:

Independent Directors

Ikram ul Haq Mian
Mohammad Waqar

Other Non - Executive Directors

Sheikh Mukhtar Ahmad
Mohammad Naeem Asghar
Abdul Hameed Bhutta

Executive Directors

Mohammad Naeem Mukhtar
Muhammad Waseem Mukhtar

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training program for the following:
- Sheikh Mukhtar Ahmad
Muhammad Waseem Mukhtar
Abdul Hameed Bhutta
Ikram ul Haq Mian
Mohammad Waqar
- Mohammad Naeem Mukhtar is exempted from the requirement of Directors' Training Program.
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:

Audit Committee

Ikram ul Haq Mian	<i>Chairman</i>
Mohammad Waqar	<i>Member</i>
Abdul Hameed Bhutta	<i>Member</i>



HR and Remuneration Committee

Mohammad Waqar *Chairman*

Abdul Hameed Bhutta *Member*

Ikram ul Haq Mian *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:
- | | |
|----------------------------------|--|
| a) Audit Committee | 4 Quarterly and
2 Others in
Last Quarter |
| b) HR and Remuneration Committee | 1 Annual |
15. The Board has set up an effective internal audit function.
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.


Sheikh Mukhtar Ahmad
Chairman

Lahore
 September 16, 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ibrahim Fibres 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 **Ibrahim Fibres Limited** (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

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

Deloitte Yousuf Adil
Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:

Nadeem Yousuf Adil

Karachi

Date: September 16, 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Ibrahim Fibres Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **Ibrahim Fibres Limited** (the Company), which comprise of statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of 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 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, the 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 (the Code)* as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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.

INDEPENDENT AUDITOR'S REPORT

Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
<p>Revenue Recognition</p> <p>The Company's sales comprise of revenue from the sale of polyester staple fibre and yarn which has been disclosed in note 21 to the financial statements.</p> <p>Revenue from sale of goods is recognized when the Company satisfies the performance obligation under the contract by transferring the promised goods to the customers. Revenue recognition criteria has been explained in note 2.20 to the financial statements.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on the satisfaction of the performance obligation under the contract with the customer in line with the accounting policy adopted or may not have been recognized in the appropriate period.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none">• obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period and based on stated accounting policy;• assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;• comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period;• checked on sample basis the recorded sales transactions with underlying supporting documents; and• assessed the adequacy of related disclosures in the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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, the 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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's management.
- Conclude on the appropriateness of the Company's management 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.

INDEPENDENT AUDITOR'S REPORT

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, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with 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 Nadeem Yousuf Adil.

Nadeem Yousuf Adil
Deloitte Yousuf Adil
Chartered Accountants

Place: Karachi

Date: September 16, 2019

IBRAHIM FIBRES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

	Note	2019 Rupees	2018 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	3	31,975,941,772	29,189,002,690
Intangible assets	4	33,089,115	27,199,191
Long term loans	5	99,428,629	50,901,188
Long term deposits		7,249,355	5,992,256
		32,115,708,871	29,273,095,325
CURRENT ASSETS			
Stores, spare parts and loose tools	6	3,771,686,339	2,974,626,745
Stock in trade	7	10,817,586,684	9,158,928,763
Trade debts	8	517,033,963	404,140,725
Loans and advances	9	2,318,620,827	1,944,760,275
Prepayments		61,495,264	61,640,401
Other receivables	10	3,930,897,358	3,144,796,321
Cash and bank balances	11	36,844,310	46,497,145
		21,454,164,745	17,735,390,375
CURRENT LIABILITIES			
Trade and other payables	12	3,405,954,788	2,289,588,519
Mark up / interest payable		177,893,212	29,453,671
Short term bank borrowings	13	5,107,041,388	2,097,273,911
Current portion of long term financing	14	-	933,333,331
Unclaimed dividend		25,252,808	22,249,290
Provision for taxation - income tax		789,925,055	-
		9,506,067,251	5,371,898,722
Working capital		11,948,097,494	12,363,491,653
Total capital employed		44,063,806,365	41,636,586,978
NON - CURRENT LIABILITIES			
Long term financing	14	1,500,000,000	-
Deferred liabilities:			
Deferred taxation	15	1,440,891,126	1,191,145,454
Staff retirement gratuity	16	1,649,069,011	1,488,887,388
		4,589,960,137	2,680,032,842
CONTINGENCIES AND COMMITMENTS	17	-	-
Net worth		39,473,846,228	38,956,554,136
Represented by:			
SHARE CAPITAL AND RESERVES			
Share capital	18	3,105,069,950	3,105,069,950
Capital reserves	19	1,072,017,550	1,072,017,550
Revenue reserves	20	35,296,758,728	34,779,466,636
		39,473,846,228	38,956,554,136

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


Chief Executive Officer


Director


Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Sales - net	21	66,237,950,336	53,886,574,437
Cost of goods sold	22	(62,390,924,367)	(49,390,634,390)
Gross profit		3,847,025,969	4,495,940,047
Selling and distribution expenses	23	(343,674,679)	(334,174,091)
Administrative expenses	24	(767,457,734)	(717,047,912)
Other operating expenses	25	(146,889,839)	(176,627,782)
Finance cost	26	(612,097,258)	(386,786,162)
		(1,870,119,510)	(1,614,635,947)
Other income	27	1,976,906,459	2,881,304,100
		67,563,225	41,440,917
Profit before taxation		2,044,469,684	2,922,745,017
Provision for taxation	28	(1,045,977,175)	(816,055,169)
Profit for the year		998,492,509	2,106,689,848
Earnings per share - Basic and Diluted	29	3.22	6.78

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


 Chief Executive Officer


 Director


 Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Profit for the year		998,492,509	2,106,689,848
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of staff retirement gratuity	16.2	(21,746,372)	(120,818,792)
Deferred tax		6,306,448	35,237,466
		(15,439,924)	(85,581,326)
Total comprehensive income for the year		983,052,585	2,021,108,522

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


Chief Executive Officer


Director


Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

	2019 Rupees	2018 Rupees
a) Cash flows from operating activities		
Profit before taxation	2,044,469,684	2,922,745,017
Adjustments for:		
Depreciation / amortisation of property, plant and equipment	2,793,647,470	2,432,076,155
Amortisation of intangible assets	8,687,134	15,358,823
Provision for staff retirement gratuity	249,586,376	205,230,724
Balances written off / (back) - net	3,297,745	(2,283,278)
Loss on disposal of property, plant and equipment	4,612,589	22,673,988
Profit on deposits	(157,416)	(458,611)
Finance cost	612,097,258	386,786,162
Operating cash flows before working capital changes	5,716,240,840	5,982,128,980
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(797,059,594)	(279,796,156)
Stock in trade	(1,658,657,921)	(1,766,404,569)
Trade debts	(118,015,963)	(175,836,173)
Loans and advances	(94,252,666)	290,620,139
Prepayments	145,137	988,951
Other receivables	(843,739,321)	1,779,205,554
Increase in current liabilities		
Trade and other payables	1,089,898,094	808,529,634
	(2,421,682,234)	657,307,380
Cash generated from operations	3,294,558,606	6,639,436,360
Long term loans paid - net	(70,669,916)	(36,460,206)
Finance cost paid	(469,602,238)	(445,113,963)
Income tax paid - net	(199,823,411)	(1,211,706,079)
Staff retirement gratuity paid	(111,177,422)	(82,067,921)
Net cash from operating activities	2,443,285,619	4,864,088,191
b) Cash flows from investing activities		
Additions in:		
Property, plant and equipment	(5,596,532,740)	(3,121,147,524)
Intangible assets	(14,577,058)	(6,435,687)
Proceeds from disposal of:		
Property, plant and equipment	45,597,572	29,468,205
Investment in associate	-	6,865,714,645
Long term deposits	(1,257,099)	(1,998,502)
Profit on deposits	153,700	457,868
Net cash (used in) / from investing activities	(5,566,615,625)	3,766,059,005
c) Cash flows from financing activities		
Long term financing obtained	1,500,000,000	-
Repayment of long term financing	(933,333,331)	(5,545,833,333)
Increase / (decrease) in short term bank borrowings - net	3,009,767,477	(2,826,681,411)
Dividend paid	(462,756,975)	(309,349,678)
Net cash from / (used in) financing activities	3,113,677,171	(8,681,864,422)
Net decrease in cash and cash equivalents (a+b+c)	(9,652,835)	(51,717,226)
Cash and cash equivalents at the beginning of the year	46,497,145	98,214,371
Cash and cash equivalents at the end of the year	36,844,310	46,497,145

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

Chief Executive Officer

Director

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2019

	Share Capital	Capital Reserves		Revenue Reserves		Total
		Share premium	Merger reserve	General reserve	Unappropriated profit	
Rupees						
Balance as at July 01, 2017	3,105,069,950	1,000,000,000	72,017,550	4,089,673,099	28,979,192,010	37,245,962,609
Transactions with owners						
Final cash dividend for the year ended June 30, 2017: Rs. 1 per share	-	-	-	-	(310,506,995)	(310,506,995)
Total comprehensive income for the year						
Profit	-	-	-	-	2,106,689,848	2,106,689,848
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of staff retirement gratuity	-	-	-	-	(120,818,792)	(120,818,792)
Deferred tax	-	-	-	-	35,237,466	35,237,466
	-	-	-	-	(85,581,326)	(85,581,326)
	-	-	-	-	2,021,108,522	2,021,108,522
Balance as at June 30, 2018	3,105,069,950	1,000,000,000	72,017,550	4,089,673,099	30,689,793,537	38,956,554,136
Transactions with owners						
Final cash dividend for the year ended June 30, 2018: Ps. 1.5 per share	-	-	-	-	(465,760,493)	(465,760,493)
Total comprehensive income for the year						
Profit	-	-	-	-	998,492,509	998,492,509
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of staff retirement gratuity	-	-	-	-	(21,746,372)	(21,746,372)
Deferred tax	-	-	-	-	6,306,448	6,306,448
	-	-	-	-	(15,439,924)	(15,439,924)
	-	-	-	-	983,052,585	983,052,585
Balance as at June 30, 2019	3,105,069,950	1,000,000,000	72,017,550	4,089,673,099	31,207,085,629	39,473,846,228

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


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

1. STATUS AND ACTIVITIES

- 1.1 Ibrahim Fibres Limited (the Company) was incorporated in Pakistan as a public limited company and is listed on Pakistan Stock Exchange. The principal business of the Company is manufacture and sale of polyester staple fibre and yarn. The registered office of the Company is located at 1 - Ahmad Block, New Garden Town, Lahore. The manufacturing units are located at Faisalabad - Sheikhpura Road, in the Province of Punjab.
- 1.2 Pursuant to scheme of arrangement approved by the Honourable Lahore High Court, Lahore, assets, liabilities and reserves of Ibrahim Textile Mills Limited, A. A. Textiles Limited, Zainab Textile Mills Limited and Ibrahim Energy Limited were merged with the assets, liabilities and reserves of the Company with effect from October 01, 2000.
- 1.3 Ibrahim Holdings (Private) Limited is the parent company and its registered office is in Pakistan.
- 1.4 The financial statements are presented in Pak 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 (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

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

2.2 Application of new and revised IFRS Standards

2.2.1 Standards, amendments to standards and interpretations becoming effective in current year

There were certain new standards, amendments to the approved accounting standards and interpretations which became effective during the year ended June 30, 2019 but are considered not to be relevant or not to have any significant effect on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

Following new IFRS Standards are effective and adopted in current year:

- IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement". It includes requirements on the classification and measurement of financial assets and liabilities derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an Expected Credit Loss (ECL) impairment model that replaces the current incurred loss impairment model.
The adoption of IFRS 9 resulted in change of accounting policies as mentioned in note 2.6 & 2.10. New accounting policies have no significant effect on financial statements of the Company. Furthermore, there is no impact on opening retained earnings of the Company as on July 01, 2018.
- IFRS 15 "Revenue from contracts with customers", replaces the previous revenue standards IAS 18 "Revenue", IAS 11 "Construction Contracts", and the related interpretations on revenue recognition. It amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Under new IFRS Standard, revenue is recognised when control is transferred to the customer which replaced the notion of transfer of risks and rewards in IAS 18 "Revenue". Resultantly, revenue recognition policy of sale of goods has been changed as mentioned in note 2.20. New policy has no impact on financial reporting of the Company.

2.2.2 Standards, amendments to standards and interpretations becoming effective in future

There are certain new standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2019. However, these amendments and interpretations will not have any significant impact on financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

2.3 Basis of preparation

These financial statements have been prepared under the "historical cost convention" except staff retirement gratuity carried at present value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

2.4 Property, plant and equipment

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

Depreciation is charged to income applying the reducing balance method and amortisation is charged on straight line basis over the unexpired period of leasehold rights of land at the rates specified in the property, plant and equipment note.

Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gains and losses on disposal of property, plant and equipment are included in current income.

All costs / expenditure connected with specific assets are collected under capital work in progress. These are transferred to specific assets as and when assets are available for intended use.

2.5 Intangible assets

Intangible assets except those under implementation are stated at cost less accumulated amortisation and impairment in value, if any. Intangible assets under implementation are carried at cost less 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 implementation of intangible assets are collected in intangible assets under implementation. These are transferred to specific assets as and when assets are available for intended use.

2.6 Impairment

Financial assets

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. 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.

Non - financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation / amortisation and are tested annually for impairment. Assets that are subject to depreciation / amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash - generating units). Non - financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

2.7 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 the statement of profit or loss in the period in which these are incurred.

2.8 Stores, spare parts and loose tools

These are valued at moving average cost less allowances for obsolete or slow moving items, if any. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

2.9 Stock in trade

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

Raw materials	
In hand	Weighted average cost
In transit	Cost comprising invoice value and other charges incurred thereon
Work in process and Finished goods	Cost is determined on weighted average method and it comprises of cost of direct materials, labour and appropriate manufacturing overheads.

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sales.

2.10 Trade debts and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

2.11 Cash and cash equivalents

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

2.12 Staff retirement gratuity

The Company operates a defined benefit plan - unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All rereasurement adjustments are recognised in other comprehensive income as they occur.

The amount recognised in the statement of financial position represents the present value of defined benefit obligation as adjusted for rereasurement adjustments.

2.13 Trade and other payables

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

2.14 Provisions

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

2.15 Provision for taxation

Current

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

Deferred

Deferred tax is provided using the liability method for all temporary differences at reporting 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 recognised 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 utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

Deferred tax is charged or credited to the statement of profit or loss, except in case of items recognised in other comprehensive income in which case it is included in the statement of comprehensive income.

2.16 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.

2.17 Foreign currency translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the reporting date, except those covered under forward exchange contracts which are translated at the contracted rates. Transactions in foreign currencies are translated into Pak Rupee at exchange rates prevailing on the date of transaction.

Exchange differences are included in current statement of profit or loss. All non - monetary items are translated into Pak Rupee at exchange rates prevailing on the date of transaction.

2.18 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de - recognised when the Company loses control of the contractual rights that comprise the financial assets and, in case of financial liabilities, when the obligation specified in the contract is discharged, cancelled or expired.

Recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.19 Off - setting of financial asset and financial liability

A financial asset and a financial liability is off - set and net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set - off the recognised amount and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

- Revenue from sale of goods is recognised on transfer of control to customers.
- Profit on deposits is recognised on time proportionate basis, taking into account the effective yield.

2.21 Earnings per share

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

2.22 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS Standards 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, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
3. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	3.1	25,777,908,547	27,928,593,278
Capital work in progress	3.5	6,198,033,225	1,260,409,412
		31,975,941,772	29,189,002,690

3.1 Operating assets

	Land		Building on		Plant and machinery	Furniture and fixture	Office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land					
	Rupees								
At July 01, 2017									
Cost	429,489,481	23,179,082	4,813,496,663	63,897,537	36,599,302,813	236,236,664	282,700,336	292,295,639	42,507,638,645
Accumulated depreciation / amortisation	-	(168,969)	(2,424,205,648)	(93,798,872)	(17,372,629,652)	(126,573,359)	(117,892,963)	(133,302,471)	(20,803,372,941)
Written down value	429,489,481	23,010,114	2,389,291,015	14,100,665	18,996,673,161	129,663,325	165,097,373	158,993,168	21,704,265,704
Reconciliation of written down value at June 30, 2018									
Written down value as at July 01, 2017	429,489,481	23,010,114	2,389,291,015	14,100,665	18,996,673,161	129,663,325	165,097,373	158,993,168	21,704,265,704
Additions	74,902,669	-	697,697,730	-	7,896,123,699	22,644,000	26,594,211	28,671,573	8,706,545,602
Less: Disposals:									
Cost	-	-	-	-	354,523,796	1,214,545	7,206,189	30,577,755	333,552,272
Accumulated depreciation	-	-	-	-	(259,862,421)	(782,468)	(3,567,061)	(18,167,942)	(301,410,078)
Less: Depreciation / amortisation	-	286,717	239,226,977	1,418,066	34,301,343	431,900	4,669,136	12,409,813	52,142,193
Written down value as at June 30, 2018	504,372,150	22,723,397	2,607,671,790	12,680,599	24,332,336,103	137,866,322	171,203,836	139,699,082	27,998,593,278
At July 01, 2018									
Cost	504,372,150	23,179,082	5,271,104,413	63,897,537	44,170,907,748	256,699,349	304,148,361	396,359,657	50,892,332,236
Accumulated depreciation / amortisation	-	(857,695)	(2,963,432,523)	(51,208,939)	(19,838,543,643)	(118,773,027)	(132,944,328)	(148,880,378)	(22,964,039,017)
Written down value	504,372,150	22,721,397	2,607,671,790	12,680,599	24,332,336,103	137,866,322	171,203,836	139,699,082	27,928,593,278
Reconciliation of written down value at June 30, 2019									
Written down value as at July 01, 2018	504,372,150	22,721,397	2,607,671,790	12,680,599	24,332,336,103	137,866,322	171,203,836	139,699,082	27,928,593,278
Additions	22,402,845	-	122,786,049	-	411,248,327	26,477,896	43,646,322	67,666,157	680,615,566
Less: Disposals:									
Cost	178,523	-	-	-	170,749,117	506,280	16,183,280	30,919,323	212,537,482
Accumulated depreciation	-	-	-	-	(142,146,491)	(279,013)	(3,037,969)	(16,861,843)	(162,327,321)
Less: Depreciation / amortisation	-	286,717	267,964,255	1,269,060	28,600,826	227,259	7,145,291	14,087,482	59,210,161
Written down value as at June 30, 2019	526,595,472	22,432,680	2,462,502,584	11,421,539	22,258,849,679	149,154,705	188,607,805	158,343,784	25,777,908,547
At June 30, 2019									
Cost	526,595,472	23,179,082	5,393,889,462	63,897,537	44,411,401,956	280,639,005	307,611,423	324,495,512	51,363,710,379
Accumulated depreciation / amortisation	-	(146,402)	(2,931,386,878)	(52,475,968)	(22,152,561,378)	(139,485,730)	(149,003,618)	(166,181,729)	(29,585,907,830)
Written down value	526,595,472	22,432,680	2,462,502,584	11,421,539	22,258,849,679	149,154,705	188,607,805	158,343,784	25,777,908,547
Rate (%)	-	01 - 1.25	10	10	10	10	10	10	20

3.2 Depreciation / amortisation for the year has been allocated as under:

	Note	2019 Rupees	2018 Rupees
Cost of goods sold	22	2,739,111,310	2,373,090,875
Administrative expenses	24	54,536,160	58,959,496
Unallocated capital expenditures		442,666	25,784
		2,794,090,136	2,432,076,155

3.3 Particulars of land in the name of the Company are as follows:

	Location	Land Area (Kanals)
Freehold land	Shahkot	6,571
	Faisalabad	20
	Lahore	33
Leasehold land	Karachi	8
	Multan	1

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

3.4 Detail of disposal of property, plant and equipment

Description	Cost	Written down value	Sale proceeds	Gain / (Loss)	Particulars
Land					
(Sold by negotiation)	179,523	179,523	250,000	70,477	Asset having net book value less than Rs. 500,000/-.
	179,523	179,523	250,000	70,477	
Plant & machinery					
(Insurance Claim)	7,472,308	4,068,989	10,000,000	5,931,011	EFU General Insurance Limited, Ahmed Plaza, Bilal Road, Civil Lines, Faisalabad.
	9,621,420	1,340,956	15,000,000	13,659,044	Assets having net book value less than Rs. 500,000/- each.
(Sold by negotiation)	37,578,645	11,023,858	1,237,606	(9,786,252)	Yunas Brothers, Samunchi Road, Faisalabad.
	4,653,860	901,741	1,000,000	98,259	AA Spinning Mills Limited, 20 K.M. Faisalabad Shekhpura Road, Lathianwala, Faisalabad.
	111,422,884	11,266,082	3,983,894	(7,281,188)	Assets having net book value less than Rs. 500,000/- each.
	170,749,117	28,600,826	31,221,500	2,620,874	
Office Equipment					
(Sold by negotiation)	138,000	44,556	10,000	(34,556)	Asset having net book value less than Rs. 500,000/-.
(Disposed off under Company policy)	6,662,135	5,173,694	480,280	(4,693,414)	Assets having net book value less than Rs. 500,000/- each.
(Scrapped and written off)	3,383,125	1,927,041	-	(1,927,041)	
	10,183,260	7,145,291	490,280	(6,655,011)	
Furniture & fixtures					
(Sold by negotiation)	7,200	1,950	5,000	3,050	Asset having net book value less than Rs. 500,000/-.
(Scrapped and written off)	499,080	225,309	-	(225,309)	
	506,280	227,259	5,000	(222,259)	
Vehicles					
(Insurance Claim)	1,892,810	959,024	1,600,000	640,976	IGI General Insurance Limited, 3rd Floor, Sitara Tower, Bilal Road, Civil Lines, Faisalabad.
(Sold by negotiation)	2,950,565	2,655,509	1,362,342	(1,303,167)	Mrs. Sajida Pervaiz House # 285, Street # 8, Cavalry Extension, Lahore Cantt, Lahore.
	2,291,292	468,156	700,000	231,844	Assets having net book value less than Rs. 500,000/- each.
(Disposed off under Company policy)	1,803,230	542,299	542,299	-	Aamir Usmani (Employee)
	2,161,915	650,562	650,562	-	Muhammad Zafar Iqbal (Employee)
	1,820,330	580,952	580,952	-	Saad Waqas (Employee)
	1,705,510	964,182	964,182	-	Raziq Ditta (Ex-Employee)
	1,162,290	790,357	790,357	-	Haroon Asghar (Ex-Employee)
	1,074,090	563,300	572,848	9,548	Jahangir Ali Javed (Ex-Employee)
	2,522,030	1,022,263	1,022,263	-	Qurban Ali (Ex-Employee)
	2,410,200	2,209,350	2,221,358	12,008	Nadeem Ahmad Shah (Ex-Employee)
	1,132,390	572,134	572,134	-	Saleem Akhtar (Ex-Employee)
	7,992,660	2,079,374	2,061,496	(17,879)	Assets having net book value less than Rs. 500,000/- each.
	30,919,302	14,067,462	13,630,792	(426,670)	
2019	212,537,482	50,210,161	45,597,572	(4,612,589)	
2018	333,562,272	52,142,193	29,468,205	(22,673,988)	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
3.5 Capital work in progress			
Building on freehold land		2,380,530,699	629,883,377
Building on leasehold land		34,986,346	6,215,472
Plant and machinery		3,251,036,614	211,222,696
Advances against property, plant and equipment			
Land		267,029,500	137,253,950
Building on freehold land		85,270,201	217,472,823
Building on leasehold land		5,672,579	7,994,142
Plant and machinery		99,591,054	32,107,493
Furniture and fixture		10,867,081	2,001,231
Vehicles		8,860,000	14,030,250
		477,290,415	410,859,889
Unallocated capital expenditures		54,189,151	2,227,978
		6,198,033,225	1,260,409,412
4. INTANGIBLE ASSETS			
Computer softwares	4.1	28,237,868	27,199,191
Advance against computer software under implementation		4,851,247	-
		33,089,115	27,199,191
4.1 Computer softwares			
Cost		147,562,353	137,836,542
Accumulated amortisation		(119,324,485)	(110,637,351)
Written down value		28,237,868	27,199,191
Reconciliation of written down value			
Opening balance		27,199,191	20,834,577
Additions		9,725,811	21,723,437
Amortisation	24	(8,687,134)	(15,358,823)
Closing balance		28,237,868	27,199,191
5. LONG TERM LOANS			
Loans to employees - considered good	5.1	221,158,404	150,488,488
Less: Current portion	9	121,729,775	99,587,300
		99,428,629	50,901,188

5.1 These loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material. These are interest free loans provided as per Company's policy.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
6. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores			
In hand		611,807,613	513,954,871
In transit		75,273,887	227,300,381
		687,081,500	741,255,252
Spare parts			
In hand		2,825,461,962	2,099,383,813
In transit		251,141,945	119,246,650
		3,076,603,907	2,218,630,463
Loose tools		8,000,932	14,741,030
		3,771,686,339	2,974,626,745
7. STOCK IN TRADE			
Raw materials			
In hand		5,557,562,684	3,997,907,999
In transit		1,327,376,335	1,165,823,134
		6,884,939,019	5,163,731,133
Work in process		622,633,277	631,490,953
Finished goods		3,300,278,116	3,339,914,892
Wastes		9,736,272	23,791,785
		10,817,586,684	9,158,928,763
8. TRADE DEBTS			
Considered good - Unsecured		517,033,963	404,140,725
9. LOANS AND ADVANCES			
Loans to employees - considered good			
Short term loans		12,554,612	17,234,798
Current portion of long term loans	5	121,729,775	99,587,300
		134,284,387	116,822,098
Advances			
Suppliers and contractors		112,811,222	42,400,538
Income tax		1,948,952,338	1,691,486,927
Sales tax		38,381,985	83,880,167
Letters of credit fee, margin and expenses		84,190,895	10,170,545
		2,184,336,440	1,827,938,177
		2,318,620,827	1,944,760,275
10. OTHER RECEIVABLES			
Custom duty refundable		34,920,973	39,212,259
Income tax refundable		1,373,949,077	1,431,591,077
Sales tax / federal excise duty refundable / adjustable		2,277,236,290	1,360,577,419
Claims		230,833,043	298,361,307
Other		13,957,975	15,054,259
		3,930,897,358	3,144,796,321

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
11. CASH AND BANK BALANCES			
Cash in hand		5,264,169	32,600,534
Cash at banks			
In current accounts		31,509,020	13,774,560
In deposit accounts	11.1	71,121	122,051
		31,580,141	13,896,611
		36,844,310	46,497,145

11.1 The rate of profit on deposit accounts ranges between 4.50% to 10.25% per annum (2018: 3.75% to 4.50% per annum).

	Note	2019 Rupees	2018 Rupees
12. TRADE AND OTHER PAYABLES			
Creditors		678,816,114	348,114,423
Accrued liabilities		537,753,675	426,755,126
Advances from customers		85,611,669	85,376,172
Capital expenditure payable		96,282,312	67,962,860
Bills payable		1,839,102,844	1,182,579,660
Workers' profit participation fund	12.1	109,756,113	153,953,794
Workers' welfare fund		29,223,392	–
Other		29,408,669	24,846,484
		3,405,954,788	2,289,588,519

12.1 Workers' profit participation fund

Opening balance		153,953,794	39,762,607
Interest on funds utilised in the Company's business		11,673,072	2,377,057
		165,626,866	42,139,664
Paid to the fund		(165,626,866)	(42,139,664)
		–	–
Allocation for the year		109,756,113	153,953,794
		109,756,113	153,953,794

13. SHORT TERM BANK BORROWINGS

Secured			
Running finances		5,107,041,388	2,097,273,911

13.1 These facilities are secured against first pari passu hypothecation charge over current assets of the Company and carry markup ranging from 6.52% to 12.89% per annum (2018: 5.98% to 6.96% per annum). The aggregate unavailed short term bank borrowing facilities available to the Company are Rs. 6,393 million (2018: Rs. 6,782 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
14. LONG TERM FINANCING			
Secured			
From banking companies:			
Demand finance	14.1	1,500,000,000	–
Islamic term finances	14.2	–	933,333,331
		1,500,000,000	933,333,331
Less: Current portion		–	933,333,331
		1,500,000,000	–

14.1 Demand finance

It is repayable in 6 equal half yearly installments commencing from December 20, 2021 and ending on June 20, 2024. It is secured by way of first pari passu charge over plant and machinery of Textile plant - IV of the Company. It carries markup at six months KIBOR plus 10 basis points payable half yearly in arrears.

Effective markup rate charged during the year is 13.15% per annum (2018: Nil).

14.2 Islamic term finances

These were repayable in 6 equal half yearly installments commenced from December 26, 2016 and ended on June 26, 2019.

Effective markup rate charged during the year ranges from 6.78% to 10.49% per annum (2018: 5.89% to 6.78% per annum).

15. DEFERRED TAXATION

	At July 01, 2018	Charged / (Credited) to profit or loss	Credited in other comprehensive income	At June 30, 2019
Rupees				
Deferred tax liabilities:				
Difference in tax and accounting bases of property, plant and equipment	4,147,709,356	(209,940,111)	–	3,937,769,245
Deferred tax assets:				
Staff retirement gratuity	(432,719,563)	(40,138,596)	(6,306,448)	(479,164,607)
Unadjusted tax losses	(2,404,216,427)	386,502,915	–	(2,017,713,512)
Unavailed tax credit on plant and machinery	(74,981,312)	74,981,312	–	–
Workers' profit participation fund	(44,646,600)	44,646,600	–	–
	(2,956,563,902)	465,992,231	(6,306,448)	(2,496,878,119)
	1,191,145,454	256,052,120	(6,306,448)	1,440,891,126

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	At July 01, 2017	Charged / (Credited) to profit or loss	Credited in other comprehensive income	At June 30, 2018
	Rupees			
Deferred tax liabilities:				
Difference in tax and accounting bases of property, plant and equipment	3,738,228,456	409,480,900	-	4,147,709,356
Deferred tax assets:				
Staff retirement gratuity	(374,446,449)	(23,035,648)	(35,237,466)	(432,719,563)
Unadjusted tax losses	(2,893,975,151)	489,758,724	-	(2,404,216,427)
Unavailed tax credit on plant and machinery	-	(74,981,312)	-	(74,981,312)
Workers' profit participation fund	-	(44,846,600)	-	(44,846,600)
	(3,268,421,600)	347,095,164	(35,237,466)	(2,956,563,902)
	469,806,856	756,576,064	(35,237,466)	1,191,145,454

16. STAFF RETIREMENT GRATUITY

The scheme provides terminal benefits for all the employees of the Company who attain the minimum qualifying period. Annual charge is based on actuarial valuation carried out as at June 30, 2019 using Projected Unit Credit Method.

	Note	2019 Rupees	2018 Rupees
16.1 The amount recognised in the statement of financial position is as follows:			
Present value of defined benefit obligation		1,649,069,011	1,488,887,388
16.2 Movement in net liability recognised			
Opening Liability		1,488,887,388	1,246,957,071
Liability transferred to accrued liabilities		(2,610,916)	(2,751,726)
Expenses recognised in statement of profit or loss	16.2.1	249,586,376	205,230,724
Paid during the year		(108,540,209)	(81,367,473)
Remeasurement of obligation:			
Actuarial losses from changes in financial assumptions		21,556,937	4,896,370
Experience adjustment		189,435	115,922,422
		1,649,069,011	1,488,887,388
16.2.1 Expenses recognised in statement of profit or loss			
Current service cost		120,588,312	111,851,170
Interest cost		128,998,064	93,379,554
		249,586,376	205,230,724

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	2019	2018
16.3 Principal actuarial assumptions used		
Discount rate	14.25 % per annum	9.00 % per annum
Expected rate of increase in salary	13.25 % per annum	8.00 % per annum
Expected average duration of the defined benefit obligation	7 years	8 years

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

	Reworked defined benefit obligation		
	Change in assumptions	Increase in assumptions Rupees	Decrease in assumptions Rupees
Discount rate	100 bps	1,538,036,822	1,774,613,313
Salary growth rate	100 bps	1,777,731,578	1,533,308,519

16.5 The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied as for calculating the liability of staff retirement gratuity.

	2019 Rupees in million	2018 Rupees in million
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17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 In respect of bank guarantees issued on behalf of the Company:

(i)	The Company claimed exemption from levy of custom duty on import of plant and machinery for the project of Polyester plant. A suit was filed in the Honourable Sindh High Court, Karachi for this purpose and bank guarantees were furnished accordingly. Later on, the Company reached an out of court settlement with customs department and paid Rs. 116.594 million accordingly. The department has issued No Objection Certificate dated June 21, 2017 in the name of Honourable Sindh High Court at Karachi for the release of bank guarantees and due legal process is in process for its effect.	-	-
(ii)	Guarantees issued in favour of Sui Northern Gas Pipelines Limited against supply of gas.	625.506	270.737
(iii)	Guarantees issued in favour of The Director, Excise and Taxation, Karachi against imposition of infrastructure cess.	850.000	650.000
(iv)	The Company has filed suit in Honourable Sindh High Court, Karachi dated August 16, 2011 against PCT classification of TDO by Custom PCT Committee. For release of TDO, bank guarantees were issued in favour of The Collector of Customs, Karachi to avail exemption from levy of custom duty, sales tax and income tax.	4.698	4.698
(v)	Guarantees issued in favour of Faisalabad Electric Supply Company against electricity connection.	56.960	56.960

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	2019 Rupees in million	2018 Rupees in million
(vi) Guarantees issued in favour of The Collector of Customs, Lahore to avail exemption from levy of custom duty, sales tax and income tax on temporary import of machinery for erection of Coal Fired Power Generation Plant.	-	3,100
(vii) Guarantee issued in favour of State Bank of Pakistan to avail benefit under Technology up-gradation Fund Scheme.	20,000	20,000
17.1.2 Custom duty of Rs. 8.9 million (2018: Rs. 8.9 million) in respect of local purchase of PTA has not been acknowledged due to pending suit before Honourable Sindh High Court, Karachi which was filed on July 23, 2010 against Federation of Pakistan. The Company's claim on account of custom duty refund amounting to Rs. 11.455 million (2018: Rs. 11.455 million) is also pending before the Customs Department.	-	-
17.1.3 The Additional Commissioner Inland Revenue (ACIR) passed order disallowing some of the administrative expenses and bad debts for the tax year 2008. The Company contended the case before the Commissioner Inland Revenue (Appeals) (CIR-A) who decided the case in favour of tax department. The Company filed an appeal dated October 12, 2013 before Appellate Tribunal Inland Revenue (ATIR) assailing the CIR-A's order and is currently pending for adjudication.	6,166	6,166
17.1.4 The Deputy Commissioner Inland Revenue (DCIR) passed order disallowing financial charges and thereby creating demand of Rs. 450.50 million for the tax year 2009. The Company contended the case before CIR-A and as a result tax liability demand was reduced. The Company filed an appeal dated April 17, 2015 before ATIR against the reduced tax liability and is currently pending for adjudication.	104,533	104,533
17.1.5 DCIR passed the order disallowing financial charges and thereby creating demand for the tax year 2012. The Company contended the case before CIR-A and case was decided in favour of the Company. The department approached the ATIR on September 30, 2016 against the order of CIR-A which is still pending for adjudication.	13,761	13,761
17.1.6 DCIR passed the order disallowing financial charges and thereby creating demand for the tax year 2010. The Company contended the case before CIR-A and case was decided in favour of the Company. The department approached the ATIR on June 30, 2016 against the order of CIR-A which is still pending for adjudication.	86,842	86,842
17.1.7 DCIR passed the order disallowing financial charges and thereby creating demand for the tax year 2011. The Company contended the case before CIR-A and case was decided in favour of the Company. The department approached the ATIR on September 30, 2016 against the order of CIR-A which is still pending for adjudication.	24,553	24,553
17.1.8 DCIR passed an order disallowing the financial charges alongwith initial depreciation allowance, depreciation and tax credit on BMR for the tax year 2013. The Company filed an appeal before CIR-A. The CIR-A directed the department to accept contention of the Company. The department approached the ATIR on April 05, 2016 against the order of CIR-A which is still pending for adjudication.	226,128	226,128

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	2019 Rupees in million	2018 Rupees in million
17.1.9 ACIR passed an order under section 122 and thereby creating demand for the tax year 2011. The Company contended the case before CIR-A who decided the case in favour of the Company. The department approached the ATIR on September 06, 2017 against the order of CIR-A which is still pending for adjudication.	386.676	386.676
17.1.10 The Company has filed Intra Court Appeal dated January 19, 2018 for assailing the imposition of Super Tax for the tax years 2015 and 2016 before the Honourable Lahore High Court and decision is awaited. However, during the year, Commissioner Inland Revenue (CIR) passed order and thereby increased the demand. The Company filed an appeal dated October 22, 2018 against the order of CIR before CIR-A which is pending for adjudication.	83.744	81.735
17.1.11 DCIR passed an order and disallowed input tax based on various reasons. The Company filed an appeal dated March 26, 2018 before CIR-A which is to be adjudicated.	249.460	249.460
17.1.12 Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the Company are in excess of its paid up capital and the Company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. The Company approached Honourable Lahore High Court dated December 31, 2015 challenging the levy of said tax through filing a writ petition and the Court has granted stay against recovery of tax in any manner. The legal counsel is of the view that the outcome of the petition is expected to be favourable based on which the Company has not recorded such tax liability for the tax years 2015 and 2016.	-	-
17.1.13 Assistant Commissioner Inland Revenue passed an order disallowing some of the administrative expenses and tax deductions for the tax year 2009. The Company filed an appeal with CIR-A who remanded back to Officer Inland Revenue to consider the provided supporting documents. The Company has filed appeal before ATIR on April 29, 2019 against order of CIR-A.	302.900	-
17.1.14 Assistant Commissioner Inland Revenue passed an order disallowing some of the administrative expenses for the tax year 2013. The Company filed an appeal with CIR-A on January 04, 2019 which is pending for adjudication.	0.077	-
17.1.15 ACIR passed an order disallowing some of the administrative expenses and charging tax on undistributed profits for the tax year 2017. The Company filed an appeal with CIR-A who made partial decision in favour of the Company. The Company and CIR filed appeals against order of CIR-A with ATIR on May 14, 2019 and May 16, 2019 respectively.	94.210	-
17.1.16 Assistant Commissioner Inland Revenue passed an order under Section 8B of the Sales Tax Act, 1990. The Company filed an appeal dated February 11, 2019 with CIR-A which is pending for adjudication.	13.184	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	2019 Rupees in million	2018 Rupees in million
17.2 Commitments		
17.2.1 Under contracts for capital expenditure:		
Land and Building	419,553	1,618,425
Plant and machinery	549,052	32,000
17.2.2 Under letters of credit for:		
Plant and machinery	8,605,636	7,372,496
Raw materials and spare parts	3,059,271	4,243,398

	2019 Rupees	2018 Rupees
18. SHARE CAPITAL		
Authorised capital		
	2019	2018
	Number of shares	
500,000,000	500,000,000	Ordinary shares of Rs. 10/- each
	5,000,000,000	5,000,000,000
Issued, subscribed and paid up capital		
	2019	2018
	Number of shares	
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each fully paid in cash
	2,000,000,000	2,000,000,000
50,000,000	50,000,000	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares
	500,000,000	500,000,000
60,506,995	60,506,995	Ordinary shares of Rs. 10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Honourable Lahore High Court, Lahore
	605,069,950	605,069,950
310,506,995	310,506,995	3,105,069,950

	Note	2019 Rupees	2018 Rupees
19. CAPITAL RESERVES			
Share premium		1,000,000,000	1,000,000,000
Merger reserve	19.1	72,017,550	72,017,550
		1,072,017,550	1,072,017,550

19.1 It represents book difference of capital under scheme of arrangement for amalgamation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	2019 Rupees	2018 Rupees
20. REVENUE RESERVES		
General reserve	4,089,673,099	4,089,673,099
Unappropriated profit	31,207,085,629	30,689,793,537
	35,296,758,728	34,779,466,636
21. SALES		
Local	66,724,185,638	54,292,230,697
Export	7,600,559	19,588,015
	66,731,786,197	54,311,818,712
Less:		
Commission and brokerage	19,463,998	13,624,012
Discount on sale	474,371,863	411,620,263
	66,237,950,336	53,886,574,437

21.1 Sales are exclusive of sales tax of Rs. 64,419,590/- (2018: Rs. 48,304,949/-).

	Note	2019 Rupees	2018 Rupees
22. COST OF GOODS SOLD			
Raw materials consumed		50,306,391,194	38,812,869,246
Packing materials		698,538,308	716,800,761
Salaries, wages and benefits		1,812,149,029	1,779,342,392
Staff retirement benefits		196,602,956	160,950,812
Stores and spare parts		973,704,288	955,425,198
Fuel and power		5,010,934,590	4,409,388,691
Insurance		70,670,688	62,077,189
Depreciation of property, plant and equipment	3.2	2,739,111,310	2,373,090,875
Other		520,272,039	281,480,382
		62,328,374,402	49,551,425,546
Work in process			
Opening stock		631,490,953	444,369,387
Closing stock		(622,633,277)	(631,490,953)
		8,857,676	(187,121,566)
Cost of goods manufactured		62,337,232,078	49,364,303,980
Finished goods			
Opening stock		3,363,706,677	3,390,037,087
Closing stock		(3,310,014,388)	(3,363,706,677)
		53,692,289	26,330,410
		62,390,924,367	49,390,634,390

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
23. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and benefits		88,849,409	87,332,388
Staff retirement benefits		14,621,822	12,419,113
Freight and forwarding		203,321,741	200,609,014
Travelling and conveyance		10,215,238	9,538,627
Vehicles running and maintenance		5,300,667	4,291,892
Postage and telecommunication		1,845,367	1,192,520
Other		19,520,435	18,790,537
		343,674,679	334,174,091
24. ADMINISTRATIVE EXPENSES			
Directors' remuneration		86,875,000	59,075,000
Salaries, wages and benefits		294,940,676	262,998,531
Staff retirement benefits		38,361,598	31,860,799
Travelling and conveyance		67,738,326	76,724,918
Vehicles running and maintenance		15,100,013	12,106,819
Fuel and power		37,370,809	33,522,947
Postage and telecommunication		17,726,934	20,257,854
Printing and stationery		5,863,710	5,878,377
Repairs and maintenance		76,763,527	83,004,055
Fees, subscription and periodicals		7,871,093	9,242,058
Rent, rates and taxes		15,027,831	12,956,257
Legal and professional		4,365,200	5,527,539
Entertainment		19,600,596	15,569,070
Auditors' remuneration	24.1	3,353,000	3,123,000
Advertisement		620,430	974,315
Insurance		762,107	746,174
Donations	24.2	7,229,000	4,985,000
Depreciation / amortisation of property, plant and equipment	3.2	54,536,160	58,959,496
Amortisation of intangible assets	4.1	8,687,134	15,358,823
Other		4,664,590	4,176,880
		787,457,734	717,047,912
24.1 Auditors' remuneration			
Audit fee		2,200,000	2,200,000
Other services		1,153,000	923,000
		3,353,000	3,123,000

24.1.1 Other services include half yearly review, review of statement of compliance and statutory certifications.

24.2 Donations

24.2.1 Donations made to Faisalabad Development Trust, Liver Foundation Trust, Faisalabad and Sarwar Foundation exceed 10% of total donations of the Company.

24.2.2 No director or his spouse had any interest in the donees' fund.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	2019 Rupees	2018 Rupees
25. OTHER OPERATING EXPENSES		
Workers' profit participation fund	109,756,113	153,953,794
Workers' welfare fund	29,223,392	-
Loss on disposal of property, plant and equipment	4,612,589	22,673,988
Balances written off - net	3,297,745	-
	146,889,839	176,627,782
26. FINANCE COST		
Mark up / interest on:		
Long term financing	55,269,443	239,908,854
Short term bank borrowings	543,220,138	142,968,587
Workers' profit participation fund	11,673,072	2,377,057
Bank charges and commission	1,934,605	1,531,664
	612,097,258	386,786,162
27. OTHER INCOME		
Profit on deposits	157,416	458,611
Exchange differences	165,910	162,944
Scrap sales	46,336,860	35,326,013
Balances written back - net	-	2,283,278
Rental income	12,000	13,000
Other	20,891,039	3,197,071
	67,563,225	41,440,917
28. PROVISION FOR TAXATION		
Current		
For the year	(789,925,055)	-
For prior year	-	(59,479,105)
	(789,925,055)	(59,479,105)
Deferred		
For the year	(258,484,222)	(756,576,064)
For prior year	2,432,102	-
	(256,052,120)	(756,576,064)
	(1,045,977,175)	(816,055,169)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	2019 Rupees	2018 Rupees
28.1 Reconciliation between accounting profit and tax expense		
Accounting profit before tax	2,044,469,684	2,922,745,017
Tax rate	29%	30%
Tax on accounting profit	(592,896,208)	(876,823,505)
Tax impact of income chargeable as final tax	19,557	(53,201)
Impact of minimum tax	(235,926,816)	202,727,400
Impact of income chargeable at lower rate	17,611	3,900
Impact of super tax	(58,450,539)	(39,349,304)
Origination and reversals of temporary differences	(258,484,222)	(756,576,064)
Impact of tax credit on BMR	97,311,340	713,494,710
Prior year adjustment	2,432,102	(59,479,105)
Tax expense	(1,045,977,175)	(816,055,169)

	2019	2018
29. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year (Rupees)	998,492,509	2,106,689,848
Weighted average number of ordinary shares	310,506,995	310,506,995
Earnings per share - Basic and Diluted (Rupees)	3.22	6.78

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

30. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	Rupees					
Remuneration	24,545,451	49,090,902	304,241,724	16,363,632	32,727,264	217,150,560
Medical allowance	2,454,549	4,909,098	27,996,368	1,636,368	3,272,736	21,426,632
Bonus	1,500,000	3,000,000	21,199,871	1,500,000	3,000,000	19,178,924
Meeting Fee	—	1,375,000	—	—	575,000	—
Reimbursable expenses for vehicles running	—	—	13,219,472	—	—	11,916,131
	28,500,000	58,375,000	366,657,435	19,500,000	39,575,000	269,672,247
Number of persons	1	3	126	1	3	99

30.1 The Chief Executive Officer and Directors are entitled to free use of Company maintained vehicles. The monetary value of the benefit is Rs. 2,779,292/- (2018: Rs. 2,153,417/-). Meeting fee is paid to one Director.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

31. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and key management personnel. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Relationship	Nature of transaction	2019 Rupees	2018 Rupees
Parent company			
	Dividend paid	416,305,521	-
Associated undertakings			
	Rent charged	11,845,440	13,732,800
	Consultancy fee paid	25,288,000	16,240,000
	Rental income	12,000	13,000
Key management personnel			
	Dividend paid	108,000	274,791,014

Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Name	Basis of relationship	Note	Aggregate % of shareholding
Ibrahim Holdings (Private) Limited	Parent company	31.1	90.0117%
Allied Bank Limited	Common directorship		-
Ibrahim Agencies (Private) Limited	Common directorship		-
Polytek Associates (Private) Limited	Common directorship		-
Sheikh Mukhtar Ahmad	Key management personnel		0.0008%
Mohammad Naeem Mukhtar	Key management personnel		0.0008%
Muhammad Waseem Mukhtar	Key management personnel		0.0008%
Mohammad Naeem Asghar	Key management personnel		0.0002%
Abdul Hameed Bhutta	Key management personnel		0.0003%
Mohammad Waqar	Key management personnel		0.0121%
Ikram ul Haq Mian	Key management personnel		0.0002%

31.1 Ibrahim Holdings (Private) Limited acquired 90.0117% shareholding of the Company during the year.

	2019 M. Tons	2018 M. Tons
32. PLANT CAPACITY AND ACTUAL PRODUCTION		
Annual production capacity (350 days - 3 shifts)		
Polyester Staple Fibre / Polyester Chips	390,600	390,600
Yarn converted into 20/s count	45,900	45,900
Actual production		
Polyester Staple Fibre / Polyester Chips	313,880	326,269
Yarn converted into 20/s count	48,089	42,656

32.1 The actual production is planned to meet the market demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	2019	2018
33. NUMBER OF EMPLOYEES		
Total number of employees as at June 30,	3,846	3,995
Average number of employees during the year	3,915	3,991

34. FINANCIAL RISK MANAGEMENT

The Company finances its operations through 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 Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). The overall risk management is carried out by the finance department under oversight of the Board of Directors in line with the policies approved by the Board.

	2019 Rupees	2018 Rupees
34.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets		
Cash and bank balances	36,844,310	46,497,145
At amortised cost:		
Long term loans	221,158,404	150,488,488
Long term deposits	7,249,355	5,992,256
Trade debts	517,033,963	404,140,725
Loans and advances	12,554,612	17,234,798
Other receivables	233,549,129	303,364,319
	1,028,389,773	927,717,731
Financial liabilities measured at amortised cost:		
Long term financing	1,500,000,000	933,333,331
Trade and other payables	3,154,212,149	2,179,365,863
Mark up / interest payable	177,893,212	29,453,671
Short term bank borrowings	5,107,041,388	2,097,273,911
Unclaimed dividend	25,252,808	22,249,290
	9,964,399,557	5,261,676,066

34.2 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	7,249,355	5,992,256
Trade debts	517,033,963	404,140,725
Other receivables	233,549,129	303,364,319
Bank balances	31,580,141	13,896,611
	789,412,588	727,393,911

Due to Company's long standing relations with counter parties 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

For trade debts, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on that basis, individual credit limits are set. Moreover, the management regularly monitors and reviews customers' credit exposure. Accordingly, the Company is not exposed to any significant credit risk.

The Company's most significant customers are industrial users of polyester staple fibre and yarn. Aging of trade debts as at reporting date is as under:

	2019 Rupees	2018 Rupees
Not past due	475,506,147	366,056,421
Past due within one year	31,569,856	24,153,826
Past due more than one year	9,957,960	13,930,478
	517,033,963	404,140,725

Based on the past experience and taking into consideration the financial position and previous record of recoveries, the Company believes that trade debts past due do not require recognition of any impairment. The credit risk exposure is limited in respect of bank balances as these are placed with the banks having good credit rating from international and local credit rating agencies.

34.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and maintaining adequate reserve borrowing facilities. This includes maintenance of liquidity ratios through working capital management. The management believes that the Company is not exposed to any significant liquidity risk. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2019 and June 30, 2018.

	2019				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
	Rupees				
Financial liabilities:					
Long term financing	1,500,000,000	2,234,508,562	99,435,616	98,354,795	2,036,718,151
Trade and other payables	3,154,212,149	3,154,212,149	3,154,212,149	-	-
Mark up / interest payable	177,893,212	177,893,212	177,893,212	-	-
Short term bank borrowings	5,107,041,388	5,107,041,388	5,107,041,388	-	-
	9,939,146,749	10,673,656,311	8,538,582,365	98,354,795	2,036,718,151

	2018				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
	Rupees				
Financial liabilities:					
Long term financing	933,333,331	979,969,828	497,526,506	482,443,322	-
Trade and other payables	2,179,365,863	2,179,365,863	2,179,365,863	-	-
Mark up / interest payable	29,453,671	29,453,671	29,453,671	-	-
Short term bank borrowings	2,097,273,911	2,141,854,452	2,141,854,452	-	-
	5,239,426,776	5,330,643,814	4,848,200,492	482,443,322	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

The contractual cash flows relating to mark up on long term financing have been determined on the basis of markup rates as applicable at the year end. As at the year end, the Company has liquid assets of Rs. 4,605 million (2018: Rs. 3,697 million) and unavailed short term bank borrowing facilities from banks of Rs. 6,393 million (2018: Rs. 6,782 million) (Refer Note 13.1) to manage the liquidity risk.

34.4 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 optimising 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 long term financing and short term bank borrowings from banks and deposit accounts with banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

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

Had the interest rate been increased / decreased by 100 basis points at the reporting date, with all other variables held constant, profit for the year and equity would have been lower / higher by Rs. 62.391 million (2018: Rs. 61.451 million) respectively.

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 foreign currency transactions. The Company is exposed to currency risk on claims, creditors and bills payable denominated in foreign currency. The total foreign currency risk exposure on reporting date amounted to Rs. 710.015 million (2018: Rs. 763.285 million).

Had the Pak Rupee been weakened / strengthened by 5% against the U.S dollar at the reporting date, with all other variables held constant, profit for the year and equity would have been lower / higher by Rs. 35.501 million (2018: Rs. 38.164 million) respectively.

iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. The Company is not directly exposed to equity price risk as there is no investment in equity securities at year end.

34.5 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

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.

There are no financial assets and financial liabilities that are measured using the fair value hierarchy.

34.6 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 long term 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, keeping in view future investment requirements and expectations of the shareholders. Debt comprises of long term financing and short term bank borrowings as shown in the statement of financial position. Total equity comprises of shareholders' equity as shown in the statement of financial position under 'share capital and reserves'.

The salient information relating to capital risk management of the Company as at June 30, 2019 and June 30, 2018 was as follows:

	Note	2019 Rupees	2018 Rupees
Debt	13 & 14	6,607,041,388	3,030,607,242
Less: Cash and cash equivalents	11	36,844,310	46,497,145
Net Debt		6,570,197,078	2,984,110,097
Total equity		39,473,846,228	38,956,554,136
Total capital		46,044,043,306	41,940,664,233
Gearing ratio		14.27%	7.12%

35. NON ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors in its Meeting held on September 16, 2019 proposed a Final Cash Dividend of Rs. 1 per share (2018: Rs. 1.5 per share) for the year ended June 30, 2019, amounting to Rs. 310.507 million (2018: Rs. 465.760 million), for approval of the members at the Annual General Meeting to be held on October 24, 2019.

36. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue as at September 16, 2019 by the Board of Directors of the Company.

37. Figures have been rounded off to the nearest Rupee unless otherwise stated.


Chief Executive Officer


Director


Chief Financial Officer

PATTERN OF SHAREHOLDING

As at June 30, 2019

Number of Shareholders	Having Shares		Shares Held
	From	To	
422	1	100	15,226
843	101	500	200,903
403	501	1000	287,609
328	1001	5000	735,033
70	5001	10000	505,464
25	10001	15000	313,534
13	15001	20000	231,640
10	20001	25000	233,548
6	25001	30000	168,328
9	30001	35000	286,627
7	35001	40000	260,195
3	40001	45000	129,500
1	45001	50000	50,000
1	55001	60000	56,000
1	65001	70000	66,500
1	70001	75000	71,500
1	75001	80000	77,250
1	110001	115000	112,375
2	120001	125000	250,000
1	165001	170000	166,257
1	195001	200000	200,000
1	335001	340000	337,000
1	560001	565000	561,125
1	670001	675000	674,000
1	925001	930000	925,062
1	1200001	1205000	1,202,030
1	2140001	2145000	2,141,300
1	4490001	4495000	4,494,000
1	5725001	5730000	5,729,875
1	10530001	10535000	10,532,600
1	279490001	279495000	279,492,514
2,159			310,506,995

CATEGORIES OF SHAREHOLDING

As at June 30, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their Spouse(s) and minor children			
Sheikh Mukhtar Ahmad	1	2,500	0.0008
Mohammad Naeem Mukhtar	1	2,500	0.0008
Muhammad Waseem Mukhtar	1	2,500	0.0008
Mohammad Waqar	1	37,500	0.0121
Abdul Hameed Bhutta	1	1,000	0.0003
Mohammad Naeem Asghar	1	500	0.0002
Ikram ul Haq Mian	1	500	0.0002
Associated Companies, undertakings and related parties			
Ibrahim Holdings (Private) Limited	1	279,492,514	90.0117
Executives	-	-	-
Public Sector Companies and Corporations	5	3,068,718	0.9883
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	8	172,623	0.0556
Mutual Funds			
Security Stock Fund Ltd.	1	100	0.0000
First Capital Mutual Fund Ltd.	1	86	0.0000
CDC – Trustee AKD Index Tracker Fund	1	2,000	0.0006
CDC – Trustee National Investment (Unit) Trust	1	1,202,030	0.3871
General Public			
a. Local	2,098	14,608,755	4.7049
b. Foreign	-	-	-
Foreign Companies	6	11,800,000	3.8002
Others	30	113,169	0.0364
	2,159	310,506,995	100.0000

Shareholders holding 5% or more	Shares Held	Percentage
Ibrahim Holdings (Private) Limited	279,492,514	90.0117

FORM OF PROXY

I / We _____ of _____ a member / members of the Company / merged Companies, do hereby appoint Mr. / Ms. _____ of _____ a member of the Company, or failing him / her Mr. / Ms. _____ of _____ who is also a member of the Company, as my / our proxy to attend, speak and vote for me / us and on my / our behalf at the 33rd Annual General Meeting of the Company to be held on October 24, 2019 at 11:00 A.M. at Pearl - Continental Hotel, Lahore and at any adjournment thereof.

Signed this _____ day of _____ 2019.

AFFIX
REVENUE
STAMP OF
RS. 5/-

Witness: (1)

Signature _____

Name _____

Address _____

CNIC No. _____

Signature: _____

(The signature should agree with the Specimen Registered with the Company)

Witness: (2)

Signature _____

Name _____

Address _____

CNIC No. _____

Folio No. _____

CDC A/c No. _____

No. of shares held _____

Distinctive Numbers _____

IMPORTANT:

1. The Proxy Form must be deposited at the registered office of the Company at Ibrahim Centre, 1 - Ahmed Block, New Garden Town, Lahore, as soon as possible but not later than 48 hours before the time of holding the meeting and in default Proxy Form will not be treated as valid.
2. No person shall act as proxy unless he / she is a member of the Company except a corporation being a member may appoint as its proxy any officer of such corporation whether a member of the Company or not.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES:

In addition to the above, the following requirements have to be met:

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary,
Ibrahim Fibres Limited
Ibrahim Centre, 1 - Ahmed Block,
New Garden Town, Lahore, Pakistan.

AFFIX
CORRECT
POSTAGE

The Company Secretary,
Ibrahim Fibres Limited
Ibrahim Centre, 1 - Ahmed Block,
New Garden Town, Lahore, Pakistan.

ڈائریکٹرز کا جائزہ

شیر ہولڈنگ برین

30 جون 2019ء، شیر ہولڈنگ برین، لندن ہے۔

پوروز کے اجلاس کی تعداد

زیر نظر 30 جون 2019ء کو ختم ہونے والے سال کے دوران ادارے کے پوروز ڈائریکٹرز کے اجلاس منعقد ہونے اور اجلاسوں میں ڈائریکٹرز کی شرکت اور تفریق ہے۔

03	غیر متین	فتح علی شاہ
03	غیر متین	محمد امجد
04	ڈائریکٹر	محمد یونس
04	ڈائریکٹر	محمد امجد
04	ڈائریکٹر	محمد رفیق
04	ڈائریکٹر	محمد رفیق
04	ڈائریکٹر	محمد رفیق
03	ڈائریکٹر	آرام بخش میاں

آؤٹ کسٹ

ادارے کی آؤٹ کسٹ موجود ہے اور سب سے زیادہ اراکین پر مشتمل ہے جو کہ آؤٹ کسٹ ہارپرٹ کوٹس کی شرائط پر ہوتے ہیں۔

03	غیر متین	آرام بخش میاں
03	ذکر	محمد امجد
03	ذکر	محمد رفیق

30 جون 2019ء کو اختتام پذیر ہونے والے مالی سال کے دوران آؤٹ کسٹ ہارپرٹ کوٹس کے ضوابط کے تحت آؤٹ کسٹ کے چھ اجلاس سماجی اور سماجی مالی گوشواروں اور دوسرے متعلقہ معاملات کو دیکھنے کے لئے منعقد ہوئے۔ اجلاس CFO، مالی نصاب کے سربراہ اور قانونی نصاب نے بھی ہر وقت ضرورت شرکت کی۔

کارپورٹ اور مالیاتی ریسرچ فریم ورک

ادارے کے ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ ادارے نے کئی بار ایگزیکٹو کمیٹی آؤٹ کسٹ پاکستان کی رول بک آؤٹ کسٹ ایکٹیوٹی کی پیش گوئی میں 5.19 میں اضافہ کی آؤٹ کسٹ ہارپرٹ کوٹس کے قواعد ضوابط کی پاسداری کی ہے اور سب سے زیادہ ضوابط کے مطابق طریقوں سے کوئی آؤٹ کسٹ نہیں کیا۔ کارپورٹ اور مالیاتی ریسرچ فریم ورک سے ہمارے تعلق میں ہونا ہے۔

- 1۔ ادارے کی انتظامیہ کی طرف سے جاری کردہ مالیاتی حسابات میں اس کے امور، آپ بیکٹر کے مابین تبدیلی ہونا اور ایگزیکٹو کمیٹی میں تبدیلی ضرور ہونا چاہیے۔
- 2۔ ادارے کے حسابات میں تبدیلیوں کی طور پر ہر ایگزیکٹو کمیٹی 2017 کے مطابق جاننے کی ہے۔
- 3۔ مالی حسابات کی جاری میں مناسب آؤٹ کسٹ پالیسیوں کی تسلسل کے ساتھ ڈیکور کیا گیا ہے اور آؤٹ کسٹ کے تخمینہ جات مناسب اور انتہائی متوازن ہوتی ہیں۔

- 4۔ مالی گوشواروں کی جاری میں بین الاقوامی آؤٹ کسٹ اور فنڈنگ ریسرچ فریم ورک کو پاکستان میں ڈیکور کیا گیا ہے اور ان سے آؤٹ کسٹ نہیں کیا گیا۔
- 5۔ داخلی انتظام کے لئے ہارپرٹ کوٹس اور اس پر مبنی طریقے سے عمل درآمد ہارپرٹ کوٹس کی جاتی ہے۔
- 6۔ ادارے کے مستقبل میں پلٹے رہنے کی صلاحیت پر کوئی قابل ذکر شکوک شہادت نہیں ہیں۔
- 7۔ پچھلے چھ سال کی مالی نمائندگی میں ہیں۔

کارپورٹ کے مالی وعدہ داری

آپ کا ادارہ معاشرے میں اپنی سماجی ذمہ داریوں کو سمجھتا ہے اور معاشرے کے قرباء اور اپنے سماجی ملازمین کو مالی ضمانت فراہم کرنے کے ساتھ ساتھ وفاقی کاموں میں بھی حصہ لے رہا ہے۔ ادارہ قومی مالی نژاد میں بھی قابل قدر کام کر رہا ہے، ترقیاتی کی نیت اور سماجیاتی نفع کے لئے عمل پیش کر رہا ہے، داخلی درستی کی بنیاد پر معاشرہ میں فراہم کر رہا ہے اور ان کے معاشرتی نفع کو بھی سمجھتا ہے۔

آپ کا ادارہ تسلسل کے ساتھ مشہور ہوتا ہے، غریبوں اور ایسے نفع مند اداروں کو قدرتی آفات سے نکلنے کے لئے قائم کرنے کے لئے کوشش کر رہا ہے اور فراہم کر رہا ہے جو کہ اس کے سماجی کاموں کا حصہ ہے۔

آپ کا ادارہ اپنے ملازمین کو سمجھتا ہے، مصلحت مند مصلحت مند اور کام سمجھنے کا حامل فراہم کر رہا ہے اور ان کے مسائل اور نیک دونوں میں ترجیحی نصاب، سیمینار، ورکشاپس اور کانفرنسوں میں حصہ لے رہا ہے۔ ادارہ خصوصی افراد کو قاعدگی سے نفع شہروں میں سماج کی پیش کر رہا ہے۔ ادارہ نئے کوششوں، ہسٹری کوششوں اور انجیئرنگ کوششوں میں بھی پیش کر رہا ہے تاکہ وہ اپنی پیشہ وارانہ اور تکنیکی صلاحیتوں کو بڑھا سکیں۔

آپ کے ادارے نے ماحول دوست میسرے، پلٹے، داخلی گھر نصاب کیا ہے تاکہ کھلی کی پیداواری آؤٹ کسٹ کو کم کیا جاسکے۔ کھلی کے ساتھ ساتھ یہ مہم بھی جاری ہے جو کہ کھلی کے پلٹے میں اضافہ اور پلانٹ کی مہم کی تمام تر ضروریات کو مہم کرنے کے لئے کافی ہے جس سے ترقیاتی نیت میں بھی اضافہ ہے۔

سال کے دوران آپ کے ادارے نے مختلف پوزیشنوں پر لیو اور لیگنوں کی ادائیگی کے ذریعے ملحقہ رقم قومی مالی نژاد میں ملحق کر دینی ہے۔

تفکر

آپ کے ادارے کے ڈائریکٹرز کو مطلع کیا گیا ہے کہ ان کے دیکھنے والی مالیاتی اداروں میں دیگر لیڈرز اور ممبر ہولڈرز کی حمایت کے لئے ان کے کاموں کو سمجھنا ہے۔ ادارہ امید کرتے ہیں کہ یہ دو دستانہ آؤٹ کسٹ مستقبل میں بھی جاری رہے گا۔

آپ کے ادارے کے ڈائریکٹرز کو مطلع کیا گیا ہے کہ ان کے دیکھنے والی مالیاتی اداروں میں دیگر لیڈرز اور ممبر ہولڈرز کی حمایت کے لئے ان کے کاموں کو سمجھنا ہے۔ ادارہ امید کرتے ہیں کہ یہ دو دستانہ آؤٹ کسٹ مستقبل میں بھی جاری رہے گا۔

غیر متین
فتح علی شاہ

غیر متین
محمد امجد

غیر متین
محمد رفیق

30 جون 2019

ڈائریکٹرز کا جائزہ

آپ کے ادارے کے ڈائریکٹرز اپنی سرت سے ساتھ 30 جون 2019 کو اختتام پزیر ہونے والے اہل سال کے صورت (audited) مالیاتی ریکارڈ اور حساب کا جائزہ آپ کے سامنے پیش کرتے ہیں۔

مالیاتی ریکارڈ

ادارے کی مالیاتی کارکردگی کا جائزہ لینے کے لئے اس سال اور اس سے پہلے سال کے مالیاتی ریکارڈ درج ذیل ہیں۔

2018	2019	
₹	₹	
4,495,940,047	3,847,025,969	عام منافع
(334,174,091)	(343,674,679)	فرہمت کرنے کے اخراجات
(717,047,912)	(767,457,734)	انتظامی اخراجات
(176,627,782)	(146,889,839)	دیکھنا پر پینٹے اخراجات
(386,786,162)	(612,097,258)	مالیاتی لاگت
(1,614,635,947)	(1,870,119,510)	
2,881,304,100	1,976,906,459	
41,440,917	67,563,225	متفرق آمدن
2,922,745,017	2,044,469,684	عملی ریگس لین
(816,055,169)	(1,045,977,175)	گیس کا اخیند
2,106,689,848	998,492,509	سال کا منافع
(85,581,326)	(15,439,924)	گرہائی کے تخمینہ میں تبدیلی (گیس کے بعد)
28,979,192,010	30,689,793,537	پچھلے سال تک کا غیر قسم منافع
31,000,300,532	31,672,846,122	تقسیم کے لیے دستیاب لین
(310,506,995)	(465,760,493)	فائل شدہ ڈیویڈنڈ @ 15% (2018: 10%)
30,689,793,537	31,207,085,629	اہل سال تک کا غیر قسم منافع
6.78	3.22	فی شخص آمدنی

منافع کی تقسیم پر کردہ تقسیم - فائل شدہ ڈیویڈنڈ

ہرگز سے 30 جون 2019 کو تقسیم ہونے والے سال کے لئے تمام حصہ داران کے لئے فائل شدہ ڈیویڈنڈ ایک روپیہ فی حصہ (10%) دینے کی منظوری دی ہے۔

2018	2019	
₹	₹	
465,760,493	310,506,995	فائل شدہ ڈیویڈنڈ
		ایک روپیہ فی حصہ @ 10% (2018: 15%)

حساب

عام منافع کا جائزہ
عام منافع کا حساب ڈیویڈنڈ پر مبنی ہے، جس نے ہرگز ہونے کے بعد خود کو دوبارہ تقسیم کرنے کے لئے
تیار کیا ہے۔ آٹھ سٹیبل نے ڈیویڈنڈ پر مبنی حساب، ہرگز ڈیویڈنڈ پر مبنی حساب 30 جون 2020 کو تقسیم ہونے والے
اہل سال کیلئے دوبارہ تقسیم عام منافع پر مبنی ہے۔

تقسیم کا جائزہ
آپ کے ادارے کے ڈائریکٹرز 30 جون 2019 کو تقسیم ہونے والے سال کے لئے ادارے کی کارکردگی پر
تقسیم کا جائزہ کرتے ہیں۔

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






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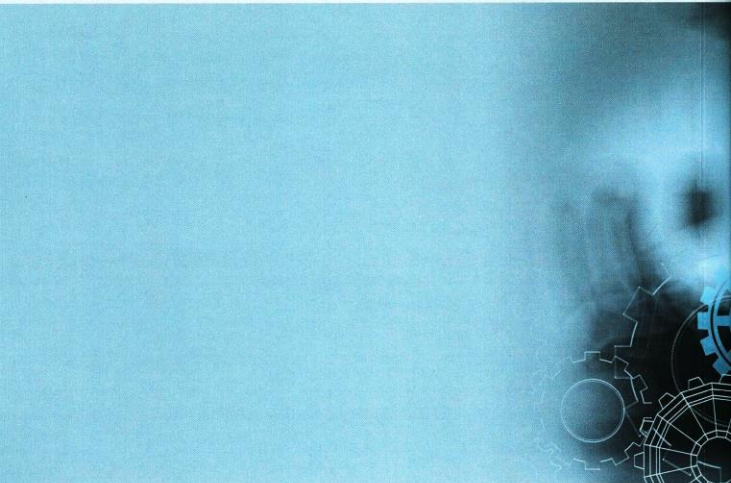


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