بسم الله الرحمن الرحيم

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Company Information

Board of Directors	Muhammad Ismail (Chief Executive) Sheikh Umar Farooq Mr. Hussain Ahmad Fazal Mr. Mushtaq Ahmad Mst. Ghazala Nasreen Mr. Nishat Ahmad Sheikh Mrs. Farhat Nishat Mr. Hamid Nishat
Chief Financial Officer	Mr. Mushtaq Ahmad
Auditors	Naveed Mukhtar & Co. Chartered Accountants
Bankers	Allied Bank Limited Askari Bank Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited National Bank of Pakistan Soneri Bank Limited The Bank of Khyber
Offices:	
Karachi (Registered Office)	Room No.809, 8th Floor, Saima Trade Tower -B, I.I.Chundrigar Road, Karachi Web Site:www.hussaingroup.com
Multan (Unit-1 & 3)	Fazalabad Vehari Road, Opp. Timber Market, Multan Ph. 92-61-6527238,6528245,6760524 Fax. 92-61-6526487,6526572
Multan (Unit-2)	35-KM Bahawalpur Road, Adda Muhammad Pur, Multan Ph.92-61-4250577,4250603 Fax.92-61-4250578
Multan (Unit-4)	Qadir Pur Rawan Bypass, Khanewal Road, Multan Ph.92-61-4423183, Fax. 92-61-4423184
Kabirwala (Unit-5)	17-KM Mauza Kohiwala, Kabirwala, Khanewal Ph.92-65-2450308 Fax.92-65-2450309

DIRECTORS' REPORT

The Directors of your Company are pleased to present their 41st Annual Report on audited financial statements, setting out the detailed financial results of the company for the financial year ended on 30th June, 2019.

Our Performance:

The key business results of the company achieved in financial year 2019 are spelled out below intending to have a quick review of the performance of the Company:

	2019 Rupees	2018 Rupees
Sales	12,451,489,396	12,778,602,597
Gross Profit	23,530,663	1,021,764,512
Operating Profit/(Loss)	(461,976,101)	530,710,475
Finance Cost	(595,452,074)	(426,715,922)
Profit/(Loss) before Tax	(550,826,836)	247,497,049
Profit/(Loss) after Tax	(699,024,124)	120,640,907
Earnings/(Loss) per Share	(37.16)	6.41

The financial year under review was perhaps the most challenging cycle for the company owing to copious reasons amid working capital meltdown leading repeated suspension of production operations. It emanates from the comparison that our sales slightly slipped down by 2.56% in financial year under review as compare to financial year 2018. A major setback in causing our gross margin plunge dramatically was increase in cost of raw material, increase in power rates and other overheads against a meager increase in sale price.

Your company is of the view that it was the ricochet of working capital constraints that inflicted the company purchase raw material i.e. cotton at the cost of Rs.8,600/- per mund in financial year 2019 conversely to Rs.6,800/- per mund in financial year 2018. A cluster of other irritants ie. Increase in transportation and minimum wage rate, stuck up of refunds by government authorities discomforted the company slashing its gross profit steeply.

Your company was forced to procure Raw Material throughout the year at comparatively higher cost instead in peak session wherein procurement was available at moderate cost mainly because and as stated above of working capital scarcity. Moreover, double digit interest rate also hit the company badly as our credit limits remained cram packed throughout the period yielding the company about Rs.169.00 Million additional interest if compare with the last financial year.

However, the company is emphatic and resolute in recuperating the profitability through diversification including but not limited to customer wise, market wise, product wise and maximum peak season procurement of raw material. This is one of the ways to rise to the occasion where conversion of short-term loans into long term are construed help the company achieve this objective.

Future outlook:

Positive indicators of economy stability as confirmed by State Bank of Pakistan will bode well for the textile sector in future. We the industrialists have a lot of expectations from the incumbent Government to boost up the economic growth like incentivized financial package, quick release of refunds, relief in energy cost etc.

Auditors:

The present auditors M/s Naveed Mukhtar and Co., Chartered Accountants retire and being eligible, have offered themselves for reappointment. The board recommended their re-appointment as external auditors until the conclusion of the next annual general meeting.

Management/Labour Relations;

The management/labour relations remained meritorious during the year under review. We have a competitive workforce both for admin and production and we believe our staff is a valuable asset for the company. We invest in the professional development and improvement of skills of our staff hoping to yield better results in future. Human Resource policy of the company believes in fairness, merit, equal opportunities and social responsibilities.

Acknowledgment:

Your directors extend appreciation to the company's bankers, valued customers, suppliers, shareholders and government authorities for their valuable contribution and cooperation to the company during the financial year under review.

Multan
January 20, 2020

For and on behalf of the Board
Sd/-

Hussain Ahmad Fazal
(Director)

ڈائریکٹرز رپورٹ

آپکی کمپنی کے ڈائریکٹرز کمپنی کی اکتالیسویں سالانہ رپورٹ برائے سال 30 جون 2019 پیش کررہے ہیں۔

کمپنی کا مالیاتی جائزہ:

کمپنی نے مالیاتی سال 2019 میں جو اہداف حاصل کیے وہ درج ذیل ہیں جس سے کمپنی کی کارکردگی ایک نظر سمجھنے میں مدد ملے گی۔

	2019 Rupees	2018 Rupees
فروختگی	12,451,489,396	12,778,602,597
مجموعی منافع	23,530,663	1,021,764,512
فرسودگی اور مالیاتی اخراجات سے پہلے کا منافع	(461,976,101)	530,710,475
مالیاتی خرچہ	(595,452,074)	(426,715,922)
منافع قبل از ٹیکس	(550,826,836)	247,497,049
منافع بعداز ٹیکس	(699,024,124)	120,640,907
فی حصص کمائی	(37.16)	6.41

زیرمطالعہ مالیاتی سال کمپنی کے لیے شاید سب سے کٹھن مرحلہ تھا جسکی بے شمار وجوہات ہیں جن میں پیداوار کیلئے مطلوبہ سرمایہ میں کمی بہت نمایاں تھی۔جسکی وجہ سے پیداواری عمل بار بار متاثر ہوا تقابلی جائزے سے یہ ظاہر ہوتا ہے کہ ہماری فروختگی زیرمطالعہ مالیاتی سال میں بمقابلہ مالیاتی سال 2018 میں 2.56% کم رہی۔خام مال کی قیمتوں میں اضافہ، بجلی، گیس کے نرخوں میں اضافہ اور دیگر اشیائے ضروریہ میں اضافہ فروخت کی قیمت میں اضافے کی نسبت بہت زیادہ تھا جسکی وجہ سے ہمارے مجموعی منافع میں شدید کمی واقع ہوئی۔

آپکی کمپنی کی نظر میں پیداواری مطلوبہ سرمایہ میں کمی کے اثرات خام مال کی خرید پر بھی ظاہر ہوئے جیسا کہ مالیاتی سال 2019 میں کمپنی کو روئی پر من -/Rs.8,600 خریدنا پڑی جو کہ مالیاتی سال 2018 میں پر من -/Rs.6,800 دستیاب تھی۔اس کے علاوہ اور بھی وجوہات جن میں نقل و حمل کے کرایوں میں اضافہ، اور کم از کم اجرت میں اضافہ، حکومتی اداروں میں ریفنڈز کے اجراء میں تاخیر وغیرہ نے بھی کمپنی کے مجموعی منافع میں نمایاں کمی پیدا کی۔

کمپنی کے پاس اس کے علاوہ کوئی چارہ نہ تھا کہ وہ پورے سال کے دوران مہنگی قیمت پر خام مال خریدے بجائے اس کے کہ کاٹن کے سیزن میں اسے ارزاں قیمت پر خریدتے کیونکہ اور جیسا کہ اوپر ذکر بھی کیا ہے کمپنی کے پاس پیداواری مطلوبہ سرمایہ بہت تھوڑا تھا اس کے علاوہ شرح سود میں اضافہ بھی کمپنی کے مجموعی منافع میں کمی کا باعث بنا کیونکہ کمپنی کی کریڈٹ لائنز پورے سال مکمل استعمال میں رہی جسکی وجہ سے کمپنی کو تقریباً -/Rs. 169 ملین کا اضافی سود پچھلے مالی سال کی نسبت زیادہ ادا کرنا پڑا۔

تاہم کمپنی پرعزم اور اٹل ہے کہ وہ مختلف طریقوں کو اپناتے ہوئے اپنی مالی پوزیشن بحال کرے گی جن میں نئے کسٹمرز، نئی مارکیٹ، مختلف پراڈکٹس اور کاٹن سیزن میں زیادہ سے زیادہ خام مال کی خریداری شامل ہیں اس کے علاوہ قلیل المدتی قرضوں کو طویل المدتی قرضوں میں منتقل کروانا بھی کمپنی کو اپنے اہداف حاصل کرنے میں معاون سمجھا جارہا ہے۔

مستقبل کا جائزہ:

اسٹیٹ بنک آف پاکستان کی جانب سے جاری کردہ مثبت معاشی پیمانے ٹیکسٹائل سیکٹر کے لیے اچھے شگون ہیں۔ تمام صنعت کاروں کو موجودہ حکومت سے اچھی توقعات وابستہ ہیں جنکی بدولت معاشی ترقی پروان چڑھے گی۔ ان توقعات میں پرکشش مالیاتی پیکجز، ریفنڈز کا جلد اجراء اور انرجی کی قیمت میں کمی وغیرہ شامل ہیں۔

آڈیٹرز:

موجودہ آڈیٹر نوید مختار اینڈ کمپنی اپنی تقرری کی مدت پوری کر چکی ہے اور دوبارہ تقرری کیلئے اہل ہے۔ بورڈ اس کمپنی کو آنے والے سالانہ جنرل میٹنگ (AGM) میں فیصلہ ہونے تک دوبارہ مقرر کرتا ہے۔

انتظامیہ اور مزدور تعلقات:

رواں مالی سال کے دوران انتظامیہ اور مزدوروں کے درمیان تعلقات بہت بہتر رہے آپکی کمپنی کے پاس ایک نہایت قابل (انتظامی، پیداواری) عملہ موجود ہے جو کمپنی کے لیے ایک گراں قدر اثاثے کی مانند ہے۔ ہم اپنے عملے کی کاروباری مہارت بڑھانے کیلئے کوشاں رہتے ہیں جس سے مستقبل میں اچھے نتائج برآمد ہونے کی توقع ہے۔ کمپنی کی ہیومن ریسورس پالیسی مساوی مواقع انصاف، اور پسندیدہ سماجی ذمہ داریوں پر مبنی ہے۔

اظہارِ تشکر:

آپ کے ڈائریکٹرز، بنکرز کی خدمات اور اسی طرح کسٹمرز، سپلائرز، کھاتے دار اور حکومتی اداروں کی خدمات کے معترف ہیں جنکی کاوشیں اور خدمات رواں سال بھی کمپنی کے ساتھ رہیں۔

بورڈ کی جانب سے

حسین احمد فضل

(ڈائریکٹر)

ملتان

جنوری 20، 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HUSSAIN MILLS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the annexed financial statements of **Hussain Mills Limited** ("the Company"), which comprise of the statement of financial position as at **30th June 2019** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of state of the Company's affairs as at 30th June 2019 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

The Company has not recognized deferred tax income and expense amounting to Rs. 53,507,708/- and Rs. 316,176,833/- respectively, for the current and prior years, respectively, aggregating to Rs. 262,669,125/-. Had the aforesaid deferred tax been recognized, the after tax loss and total comprehensive loss for the year would have been higher by Rs. 262,669,125/- and unappropriated profit and shareholders equity would have been lower whereas deferred tax liability would have been higher by Rs. 262,669,125/-.

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

Emphasis of Matter

We draw attention to note 15.2 of the financial statements which describes that the Company is defendant in a lawsuit preferred by the aggrieved share holders, holding 41.28% equity shares in the Company. The pray of aforesaid lawsuit includes the winding up of the Company. Preliminary hearings and case proceeding are in progress. The management of the Company and its legal counsel are confident to defeat the petition being baseless and without merit. However, the Honourable Sindh High Court, Karachi, vide its interim order dated 1st February, 2013, restrained the management of the Company from changing the composition of the shareholding of the Company. Our opinion is not modified on this matter.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements
Based on our audit, we further report that in our opinion:

a) except for the effects of the matter discussed in the Basis for Qualified Opinion section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) except for the effects of the matter discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and the same are in agreement with the books of account; and

c) except for the effects of the matter discussed in the Basis for Qualified Opinion section of our report, investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

The engagement partner on the audit resulting in this independent auditor’s report is Naveed Mukhtar Rana.

Sd/-

Chartered Accountants
Lahore,
20th January, 2020

HUSSAIN MILLS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2019

	NOTE	2019 RUPEES	2018 RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	4	6,497,362,356	6,732,951,258
Long Term Investments	5	12,815,994	12,668,154
Long Term Advance	6	1,459,200	6,790,400
Long Term Deposits and Prepayment	7	45,573,334	43,169,626
		6,557,210,884	6,795,579,438
CURRENT ASSETS			
Stores, Spares and Loose Tools	8	143,834,783	127,053,210
Stock in Trade	9	2,632,442,290	2,084,137,710
Trade and Other Receivables	10	2,330,111,619	2,450,906,265
Prepayments and Advances	11	118,854,828	249,761,284
Interest Accrued	12	46,377	91,674
Short Term Investments	13	350,200	474,800
Income Tax Refundable		49,602,770	101,536,032
Cash and Bank Balances	14	350,568,064	229,198,564
		5,625,810,931	5,243,159,539
		12,183,021,815	12,038,738,977
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital:			
40,000,000 (2018: 40,000,000) Ordinary Shares of Rs. 10/- each		400,000,000	400,000,000
Issued, Subscribed and Paid-up Capital	15	188,102,570	188,102,570
Capital Reserves:			
Premium on Shares Issued		3,352,334	3,352,334
Merger Reserve		126,385,889	126,385,889
Fair Value Reserve		6,096,722	5,948,882
Surplus on Revaluation of Operating Fixed Assets	16	3,185,814,544	3,275,384,817
		3,321,649,489	3,411,071,922
Revenue Reserve (Un-appropriated Profit)		567,762,282	1,176,397,943
		4,077,514,341	4,775,572,435
Long Term Loan from Directors	17	202,502,511	195,950,231
Total Equity		4,280,016,852	4,971,522,666
NON-CURRENT LIABILITIES			
Long Term Financing	18	2,324,598,087	211,000,568
Long Term Loan from Director	19	51,652,562	51,652,562
Finance Lease Liabilities	20	13,605,265	5,685,113
Deferred Liabilities	21	286,863,951	292,197,634
		2,676,719,865	560,535,877
CURRENT LIABILITIES			
Trade and Other Payables	22	1,530,062,059	1,204,351,875
Short Term Borrowings	23	3,547,705,599	5,177,697,217
Unclaimed Dividend		124,939	124,939
Current Portion of Long Term Liabilities	24	148,392,501	124,506,403
		5,226,285,098	6,506,680,434
		12,183,021,815	12,038,738,977
CONTINGENCIES AND COMMITMENTS	25	-	-

The annexed Notes from 1 to 44 form an integral part of these Financial Statements

Sd/-	Sd/-
DIRECTOR	CHIEF EXECUTIVE

HUSSAIN MILLS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE, 2019

	NOTE	2019 RUPEES	2018 RUPEES
SALES	26	12,451,489,396	12,778,602,597
COST OF SALES	27	(12,427,958,733)	(11,756,838,085)
GROSS PROFIT		23,530,663	1,021,764,512
MARKETING AND DISTRIBUTION COST	28	(207,917,188)	(209,932,929)
ADMINISTRATIVE AND GENERAL EXPENSES	29	(277,464,976)	(266,867,050)
OTHER OPERATING EXPENSES	30	(124,600)	(14,254,058)
		(485,506,764)	(491,054,037)
OPERATING (LOSS) / PROFIT before Other Income		(461,976,101)	530,710,475
OTHER INCOME	31	506,601,339	143,502,496
OPERATING PROFIT after Other Income		44,625,238	674,212,971
FINANCE COST	32	(595,452,074)	(426,715,922)
(LOSS) / PROFIT FOR THE YEAR before Taxation		(550,826,836)	247,497,049
INCOME TAX EXPENSE	33	(148,197,288)	(126,856,142)
(LOSS) / PROFIT FOR THE YEAR after Taxation		(699,024,124)	120,640,907
OTHER COMPREHENSIVE INCOME:			
Items that will never be reclassified to Statement of Profit or Loss:			
Revaluation Surplus on Operating Fixed Assets		-	1,833,237,903
Related Deferred Tax		-	(179,471,833)
		-	1,653,766,070
Gain/(Loss) on Re-measurement of Defined Benefit Obligation		943,490	(240,740)
Related Deferred Tax		(125,300)	32,966
		818,190	(207,774)
Un-realized Gain on Re-measurement of Fair Value of Investment through other Comprehensive Income		147,840	273,900
TOTAL COMPREHENSIVE (LOSS) / INCOME		(698,058,094)	1,774,473,103
(LOSS) / EARNINGS PER SHARE - Basic and Diluted	34	(37.16)	6.41

The annexed Notes from 1 to 44 form an integral part of these Financial Statements

Sd/-	Sd/-
DIRECTOR	**CHIEF EXECUTIVE**

HUSSAIN MILLS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE, 2019

	NOTE	2019 RUPEES	2018 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / Profit before Taxation		(550,826,836)	247,497,049
Adjustment for:			
Provision for Gratuity		43,496,814	45,049,426
Provision for Workers' (Profit) Participation Fund		-	13,026,160
Depreciation on Operating Fixed Assets		274,196,810	215,768,370
Loss on Re-Measurement on Fair Value of Investmen through Profit or Loss		124,600	63,579
Gain on Disposal of Operating Fixed Assets		(3,623,839)	(1,935,805)
Dividend Income		-	(27,500)
Interest Income		(136,526)	(216,495)
Return on Financial Assets		(9,150,314)	(4,736,993)
Finance Cost		595,452,074	426,715,922
		900,359,619	693,706,664
Cash Generated from Operations before Working Capital Changes		349,532,783	941,203,713
EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES			
(Increase)/Decrease in Current Assets			
Stores, Spares and Loose Tools		(16,781,573)	87,687,013
Stock in Trade		(548,304,580)	273,827,880
Trade and Other Receivable		120,794,646	(1,334,447,729)
Prepayments and Advances		130,906,456	(144,690,791)
Increase/(Decrease) in Current Liabilities			
Trade and Other Payables		258,568,176	362,189,238
		(54,816,875)	(755,434,389)
		294,715,908	185,769,324
Income Tax Paid		(96,264,026)	(97,763,913)
Finance Cost Paid		(526,901,944)	(406,616,861)
Gratuity Paid		(49,420,429)	(47,570,558)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(377,870,491)	(366,182,008)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income		181,823	261,792
Return on Bank Deposits		9,150,314	4,736,993
Dividend Paid		-	27,500
Fixed Capital Expenditure		(52,756,799)	(59,585,159)
Proceeds from Disposal of Operating Fixed Assets		17,772,730	4,058,200
Short Term Investments		-	(538,379)
Long Term Advance Recovered		5,331,200	5,331,200
Long Term Deposits and Prepayments		(2,403,708)	200,494
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(22,724,440)	(45,507,359)
CASH FLOW FROM FINANCING ACTIVITIES			
Disbursment of Long Term Loan from Directors		97,911,040	171,756,985
Repayment of Long Term Loan from Directors		(91,358,760)	(162,132,259)
Repayment of Long Term Finances		(75,697,420)	(242,036,780)
Disbursement / (Repayment) of Finance Lease Liabilities - net		8,154,762	(30,881,285)
Short Term Borrowings - net		582,954,809	756,036,876
NET CASH INFLOW FROM FINANCING ACTIVITIES		521,964,431	492,743,537
NET INCREASE IN CASH AND CASH EQUIVALENTS		121,369,500	81,054,170
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		229,198,564	148,144,394
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	14	350,568,064	229,198,564

The annexed Notes from 1 to 44 form an integral part of these Financial Statements

Sd/-	Sd/-
DIRECTOR	**CHIEF EXECUTIVE**

HUSSAIN MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE, 2019

PARTICULARS	PAID-UP SHARE CAPITAL	CAPITAL RESERVES: PREMIUM ON SHARES ISSUED	CAPITAL RESERVES: MERGER RESERVE	CAPITAL RESERVES: FAIR VALUE RESERVE	CAPITAL RESERVES: SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	CAPITAL RESERVES: TOTAL	REVENUE RESERVES (UN-APPR-OPRIATED PROFIT)	LONG TERM LOAN FROM DIRECTORS	TOTAL
	RUPEES								
Balance as at 30th June, 2017	**188,102,570**	**3,352,334**	**126,385,889**	**5,674,982**	**1,655,918,765**	**1,791,331,970**	**1,021,664,792**	**186,325,505**	**3,187,424,837**
Received during the Year	-	-	-	-	-	-	-	171,756,985	171,756,985
Payment during the Year	-	-	-	-	-	-	-	(162,132,259)	(162,132,259)
TOTAL COMPREHENSIVE INCOME									
Profit for the Year after Taxation	-	-	-	-	-	-	120,640,907	-	120,640,907
Other Comprehensive (loss)/income for the Year	-	-	-	273,900	1,653,766,070	1,654,039,970	(207,774)	-	1,653,832,196
	-	-	-	273,900	1,653,766,070	1,654,039,970	120,433,133	-	1,774,473,103
Incremental Depreciation on Revaluation of Operating Assets (net of deferred tax)	-	-	-		(34,300,018)	(34,300,018)	34,300,018	-	-
Balance as at 30th June, 2018	**188,102,570**	**3,352,334**	**126,385,889**	**5,948,882**	**3,275,384,817**	**3,411,071,922**	**1,176,397,943**	**195,950,231**	**4,971,522,666**
Received during the Year	-	-	-	-	-	-	-	97,911,040	97,911,040
Payment during the Year	-	-	-	-	-	-	-	(91,358,760)	(91,358,760)
TOTAL COMPREHENSIVE LOSS									
Loss for the Year after Taxation	-	-	-	-	-	-	(699,024,124)	-	(699,024,124)
Other Comprehensive income for the Year	-	-	-	147,840	-	147,840	818,190	-	966,030
	-	-	-	147,840	-	147,840	(698,205,934)	-	(698,058,094)
Incremental Depreciation on Revaluation of Operating Assets (net of deferred tax)	-	-	-		(89,570,273)	(89,570,273)	89,570,273	-	-
Balance as at 30th June, 2019	**188,102,570**	**3,352,334**	**126,385,889**	**6,096,722**	**3,185,814,544**	**3,321,649,489**	**567,762,282**	**202,502,511**	**4,280,016,852**

The annexed Notes from 1 to 44 form an integral part of these Financial Statements

Sd/-	Sd/-
DIRECTOR	**CHIEF EXECUTIVE**

HUSSAIN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2019

1 CORPORATE AND GENERAL INFORMATION

(a) Hussain Mills Limited ("the Company") was incorporated in Pakistan on 31st March, 1980 as a Public Limited Company under the Companies Act 1913 (Now Companies Act, 2017).

This is an unquoted Company which is principally engaged in manufacturing/purchase and sale of cotton Yarn and Fabric.

(b) In terms of classification for the companies under clause (a) of serial No. 2 of table of the third schedule, (amended vide S.R.O. 1169 (I)/2017 dated 7th November, 2017), to the Companies Act, 2017, the Company is a 'large sized' (LSC) Company.

(c) The geographical locations and addresses of the Company's business units, including mills/plant are as follows:

(i) Registered office of the Company is situated at Saima Trade Tower-B, I.I. Chundrigar Road, Karachi

OWNED MANUFACTURING UNITS

(ii) Spinning Unit is situated at Fazalabad Vehari Road, Opp. Timber Market, Multan
(iii) Spinning Unit is situated at 35-KM, Bahawalpur Road, Near Adda Muhammad Pur, Multan
(iv) Weaving Unit is situated at Qadir Pur Rawan Bypass, Khanewal Road, Multan
(v) Spinning Unit is situated at 17-KM, Mauza Kohiwala, Kabirwala, Khanewal

LEASED MANUFACTURING UNITS

(vi) Spinning Unit is 49-KM, Multan Road, Phool Nagar, Tehsil Pattoki, Dist. Kasur
(vii) Weaving Unit is 3.5-KM, Raiwind Manga Road, Raiwind

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 USE OF ESTIMATES AND JUDGMENTS

The preparation of Financial Statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision effects only that period, or in the period of the revision and future periods if the revision effects both current and future periods.

Notes to the Financial Statements
for the Year ended 30th June, 2019

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan that have significant effect on the financial statements, and estimates that have a significant risk of resulting in a material adjustments in the subsequent years involve following areas of these financial statements.

- Depreciation rates for useful life of the operating assets	(Note 4.1)
- Revaluation of Property, Plant and Equipment	(Note 16)
- Provision for defined benefit obligation	(Note 21.3)
- Estimate of contingent liabilities	(Note 25)
- Revenue Recognition	(Note 26)
- Taxation	(Note 33)

2.4 STANDARDS, AMENDMENTS OR INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING STANDARDS, THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 ‘Uncertainty over Income Tax Treatments’ (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company’s financial statements.

- IFRS 16 ‘Leases’ (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC-15 ‘Operating Leases- Incentives’ and SIC-27 ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IFRS 9 ‘Financial Instruments’ – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 January 2019). For a debt instrument to be eligible for measurement at amortized cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are ‘solely payments of principal and interest’. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortized cost or at fair value through other comprehensive income (FVOCI)if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company’s financial statements.

- Amendment to IAS 28 ‘Investments in Associates and Joint Ventures’ - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or ‘LTI’). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company’s financial statements.

- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The application of amendments is not likely to have an impact on Company's financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Company's financial statements.

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

These Financial Statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

Notes to the Financial Statements
for the Year ended 30th June, 2019

2.6 FIGURES

Amounts presented in the financial statements have been rounded off to the nearest of Rupee, unless otherwise stated. Figures of the previous year, are rearranged and reclassified, wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been consistently applied to all periods presented in these financial statements, except as disclosed in note 3.1.

3.1 CHANGES IN ACCOUNTING POLICIES

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards. The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are set out below:

A) IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement. The Company manufactures yarn, fabric and allied products and contracts with customers for the sale of goods which generally includes single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue the Company recognized in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations at 01 July 2018, did not have a material impact on the amounts of revenue recognized in these financial statements. Company's accounting policy relating to revenue recognition is explained in note 3.17 of these financial statements.

Impact on Financial Statements

Upon adoption of IFRS 15 amounts received for future sale of goods were reclassified to 'contract liabilities'. Previously, these amounts were classified as "advances from customers".

B) IFRS 9 - Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition. classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

(i) **Classification and Measurement of Financial Instruments**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through Other Comprehensive Income (FVOCI), or through profit or loss (FVTPL); and

- those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain on derecognition is recognised in statement of profit or loss.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. Dividend income is recognized in profit or loss.

(ii) **Impact of Change in Classification and Measurement of Financial Assets due to Adoption of IFRS9**

All financial assets previously classified under the head 'loans and receivables' are now classified as 'amortised cost'.

Company's accounting policy relating to financial instruments is explained in note 3.10 of these financial statements.

(iii) **Impairment of Financial Assets**

The adoption of IFRS 9 has changed the Company's impairment model by replacing the IAS 39 ‘incurred loss model’ with a forward looking ‘expected credit loss’ (ECL) model when assessing the impairment of financial assets in the scope of IFRS 9. Cash and bank balances, long term deposits, loan and advances, mark up accrued and other receivables are subject to ECLs model but there is no or immaterial impairment for the current year.

Under IFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Trade and other receivables are written off when there is no reasonable expectation of recovery.

Loss allowance on bank balances is measured at 12 months expected credit losses. Since they are short term in nature and there is no adverse change in credit rating of the banks where the balances are maintained, therefore no credit loss is expected on these balances.

Impact of ECL

Considering the quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information, no loss allowance has been recorded against trade debts upon transition of IFRS 9 as of 1st July, 2018.

Notes to the Financial Statements
for the Year ended 30th June, 2019

3.2 PROPERTY AND EQUIPMENT

(a) Operating Assets:

Initial recognition

All items of property, plant and equipment are initially recorded at cost.

Subsequent Measurement

Items of property, plant and equipment, other than land, are measured at cost less accumulated depreciation and impairment loss (if any). Land, Buildings and Plant and Machinery are stated at re-valued amount less accumulated Depreciation thereon.

Land is stated at Re-Valued amount.

Subsequent Costs:

These are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when its probable that future economic benefits associated with the items will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and asset so replaced is retired from use. Normal repairs and maintenance are charged to current year's income.

Depreciation:

Depreciation on all items of property, plant and equipment (except land), is charged to income applying the reducing balance method so as to write off the depreciable amount of an asset over its useful life. Depreciation is being charged at the rates specified in Note 4.1. Depreciation and useful lives are reviewed at each reporting date.

Depreciation on additions to an item of property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which an asset is disposed off.

Disposal:

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss.

Judgment and Estimates:

The useful lives and depreciation rates are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

(b) Capital Work in Progress:

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

Notes to the Financial Statements
for the Year ended 30th June, 2019

3.3 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

Revaluation of items of property, plant and equipment measured at revalued amount is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase arising on the revaluation is recognized, by restating gross carrying amounts of respective assets being revalued according to the change in their carrying amounts due to revaluation, in other comprehensive income and presented as a separate component of equity as 'Revaluation surplus on property, plant and equipment', except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The revaluation surplus on item of property, plant and equipment measured at revalued amount, except land, is transferred to unappropriated profit to the extent of incremental depreciation charged (net of deferred tax).

3.4 LEASES

At its inception, a lease is classified as either a finance lease or an operating lease. Finance leases transfer substantially all the risks and rewards of ownership. All other leases are classified as operating leases.

(a) Finance Leases

Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, are included in borrowings in the statement of financial position.

(b) Operating Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Minimum lease payments receivable under operating leases are recognised as revenue on a straight-line basis over the term of the lease (if any).

3.5 STORES AND SPARES

These are stated at lower of moving average cost and estimated net realizable value. Provision is made for obsolete items, if any, and is based on their condition as at the financial position date depending upon the management's judgment. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Net realisable value specifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessarily to be incurred to make the sale.

3.6 STOCKS IN TRADE

This is stated at lower of cost and net realizable value. Cost is determined using weighted average method and includes expenditure incurred in acquiring the stocks, conversion cost and other costs incurred in bringing the inventories to their existing location and condition.

Work-in-Process represents the annual average manufacturing cost which consists of prime cost and appropriate production overheads.

Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

Net Realizable Value signifies the Selling Price in the ordinary course of business less cost necessary to be incurred to effect such Sale.

Notes to the Financial Statements
for the Year ended 30th June, 2019

3.7 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are recognised and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

3.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, cheques in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

3.9 METHOD OF PREPARATION OF CASH FLOW STATEMENT

The cash flow statement is prepared using indirect method.

3.10 FINANCIAL INSTRUMENTS

(i) Recognition and Initial Measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized Cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, long term deposits, loan and advances, mark up accrued, trade debts and other receivables.

Debt Instrument - FVOCI
A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss. However, the Company has no such instrument at the reporting date.

Equity Instrument - FVOCI
On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to statement of profit or loss.

Financial assets measured at FVOCI comprise of long term investments in equity securities as detailed in note 5 of these financial statements.

Fair value through profit or loss (FVTPL)
All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss

Financial asset measured at FVTPL comprise of short term investments in equity securities as detailed in note 13 of these financial statements.

Financial assets – Business model Assessment:
For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Notes to the Financial Statements
for the Year ended 30th June, 2019

Financial Liabilities
Financial liabilities are classified as measured at amortized cost or FVTPL.A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

Financial liabilities comprise trade and other payables, long term and short term financing, dividend payable and accrued markup.

(iii) Derecognition
Financial Assets
The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial Liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of profit or loss.

(iv) Trade Debts, Deposits and other Receivables
These are classified at amortized 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.

(v) Impairment
Financial Assets
The Company recognizes loss allowances for ECLs on:
- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The Company measured its long term advances and related markup to subsidiary and associated companies under the General approach.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-Financial Assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

(vi) Off-setting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Notes to the Financial Statements
for the Year ended 30th June, 2019

3.11 EMPLOYEES' RETIREMENT BENEFITS

The Company operates an unfunded Gratuity Scheme covering all the employees of the Company with minimum qualifying period of service as defined under the respective scheme. Provision is made annually on the basis of actuarial valuation. The most recent actuarial valuation was carried out as at June 30, 2019 using the Projected Unit Credit Method. Actuarial gains and losses are recognized in accordance with the recommendations of the actuary. Further, the management of the company could not determine the expected

Principal Actuarial Assumptions	**2019**	**2018**
Discount Rate	12.50%	9.00%
Expected rate of eligible salary increase in future years	11.50%	8.00%

3.12 TRADE AND OTHER PAYABLES

These are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.13 BORROWING COSTS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

3.14 PROVISIONS

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

3.15 CONTINGENCIES AND COMMITMENTS

Contingent Liabilities are disclosed when there is:

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

Present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until their realisation become virtually certain.

3.16 DIVIDEND AND OTHER APPROPRIATIONS

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

3.17 REVENUE RECOGNITION

Revenue represents the fair value of the consideration received or receivable for sale of goods, net of returns, allowances, trade discounts, rebates and sales tax. Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised goods or services to a customer, and control either transfers over time or point in time.

Notes to the Financial Statements
for the Year ended 30th June, 2019

3.18 OTHER INCOME

Other income comprises dividend income, exchange gain, markup accrued and changes in the fair value of financial asset at fair value through profit or loss. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Foreign currency gains and losses are reported on a net basis.

Dividend income and entitlement of bonus shares are recognized when the right to receive is established.

Gains and losses on sale of investments are accounted for on disposal of investments.

3.19 CONTRACT LIABILITIES

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers‘ right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

3.20 TAXATION

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

Current:
Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalised during the year.

Deferred:
Deferred tax is recognised using the statement of financial position liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

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

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

The carrying amount of the deferred tax asset is reviewed at each date of statement of financial position and is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each date of statement of financial position and are recognised to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the financial position date.

Notes to the Financial Statements
for the Year ended 30th June, 2019

3.21 FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated in Pakistan rupees (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan rupees at the rates of exchange approximating those prevalent at the date of statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

3.22 SEGMENT REPORTING

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has following reportable business segments: Spinning at Multan and Kasur (Producing different quality of yarn), Weaving at Multan and Raiwind (Producing different quality of fabric using yarn).

Transaction among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

3.23 EARNINGS PER SHARE ('EPS')

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

Notes to the Financial Statements
for the Year ended 30th June, 2019

4 PROPERTY, PLANT AND EQUIPMENT

4.1 These represent operating fixed assets and are made up as follows:

PARTICULARS	COST / REVALUATION: AT BEGINNING OF THE	ADDITIONS	TRANSFERS TO/(FROM)	DELETIONS	REVALUATION SURPLUS	AT END OF THE YEAR	RATE %	DEPRECIATION: TO BEGINNING OF THE YEAR	ON TRANSFERS	ON DELETIONS	PROVIDED FOR THE YEAR	TO END OF THE YEAR	WRITTEN DOWN AT END OF THE YEAR
30TH JUNE, 2019													
OWNED ASSETS													
LAND - Freehold													
Cost	64,473,316	-	-	-	-	64,473,316	-	-	-	-	-	-	64,473,316
Revaluation Surplus	1,524,750,184	-	-	-	-	1,524,750,184	-	-	-	-	-	-	1,524,750,184
	1,589,223,500	-	-	-	-	1,589,223,500		-	-	-	-	-	1,589,223,500
BUILDINGS - on Freehold Land													
Cost -Factory	505,560,527	-	-	-	-	505,560,527	5	236,343,458	-	-	13,460,853	249,804,311	255,756,216
Cost -Non Factory	324,464,560	-	-	-	-	324,464,560	5	138,152,180	-	-	9,315,619	147,467,799	176,996,761
Revaluation Surplus	1,383,484,741	-	-	-	-	1,383,484,741	5	188,330,504	-	-	59,757,712	248,088,216	1,135,396,525
	2,213,509,828	-	-	-	-	2,213,509,828		562,826,142	-	-	82,534,184	645,360,326	1,568,149,502
PLANT AND MACHINERY													
Cost	3,704,007,137	9,688,653	-	-	-	3,713,695,790	5	1,647,557,457	-	-	103,009,635	1,750,567,092	1,963,128,698
Revaluation Surplus	1,362,797,471	-	-	-	-	1,362,797,471	5	492,206,451	-	-	43,529,551	535,736,002	827,061,469
	5,066,804,608	9,688,653	-	-	-	5,076,493,261		2,139,763,908	-	-	146,539,186	2,286,303,094	2,790,190,167
POWER HOUSE	512,845,021	-	-	-	-	512,845,021	5	179,503,086	-	-	16,667,097	196,170,183	316,674,838
WEIGHING BRIDGE AND SCALE	2,325,374	-	-	-	-	2,325,374	10	1,863,866	-	-	46,151	1,910,017	415,357
LABORATORY EQUIPMENT	73,722,397	-	-	-	-	73,722,397	10	50,656,547	-	-	2,306,585	52,963,132	20,759,265
ELECTRIC INSTALLATION	181,805,907	54,200	-	-	-	181,860,107	5	88,700,767	-	-	4,656,551	93,357,318	88,502,789
TARPULINE	739,107	-	-	-	-	739,107	10	589,869	-	-	14,924	604,793	134,314
TUBE WELL	8,873,559	-	-	-	-	8,873,559	10	6,290,678	-	-	258,288	6,548,966	2,324,593
FURNITURE AND FIXTURE	38,628,895	-	-	-	-	38,628,895	10	23,306,129	-	-	1,532,276	24,838,405	13,790,490
COMPUTER	1,540,772	-	-	-	-	1,540,772	30	1,516,800	-	-	7,192	1,523,992	16,780
OFFICE EQUIPMENT	22,054,998	1,151,224	-	-	-	23,206,222	10	12,339,136	-	-	991,052	13,330,188	9,876,034
VEHICLES	34,845,394	8,745,464	36,286,536	6,624,203	-	73,253,191	20	17,673,535	18,367,607	5,356,101	5,319,815	36,004,856	37,248,335
FIRE FIGHTING EQUIPMENT	8,022,969	-	-	-	-	8,022,969	10	5,265,818	-	-	275,715	5,541,533	2,481,436
TELEPHONE	6,411,941	410,552	-	-	-	6,822,493	10	4,753,921	-	-	193,173	4,947,094	1,875,399
ARMS AND AMMUNITION	717,750	-	-	-	-	717,750	10	269,586	-	-	44,816	314,402	403,348
AIR CONDITIONERS AND REFRIGERATORS	804,414	1,138,876	-	-	-	1,943,290	10	588,050	-	-	48,146	636,196	1,307,094
TOOLS AND EQUIPMENT	5,206,611	-	-	-	-	5,206,611	10	3,660,294	-	-	154,632	3,814,926	1,391,685
	9,768,083,045	21,188,969	36,286,536	6,624,203	-	9,818,934,347		3,099,568,132	18,367,607	5,356,101	261,589,783	3,374,169,421	6,444,764,926
LEASED ASSETS													
POWER HOUSE	6,273,000	-	-	-	-	6,273,000	5	1,640,037	-	-	231,648	1,871,685	4,401,315
VEHICLES	103,996,423	31,567,830	(36,286,536)	15,349,500	-	83,928,217	20	44,193,041	(18,367,607)	2,468,711	12,375,380	35,732,103	48,196,114
	110,269,423	31,567,830	(36,286,536)	15,349,500	-	90,201,217		45,833,078	(18,367,607)	2,468,711	12,607,028	37,603,788	52,597,429
	9,878,352,468	52,756,799	-	21,973,703	-	9,909,135,564		3,145,401,210	-	7,824,812	274,196,810	3,411,773,208	6,497,362,356
30TH JUNE, 2018													
OWNED ASSETS													
LAND - Freehold													
Cost	64,473,316	-	-	-	-	64,473,316	-	-	-	-	-	-	64,473,316
Revaluation Surplus	1,002,158,584	-	-	-	522,591,600	1,524,750,184	-	-	-	-	-	-	1,524,750,184
	1,066,631,900	-	-	-	522,591,600	1,589,223,500		-	-	-	-	-	1,589,223,500
BUILDINGS - on Freehold Land													
Cost -Factory	505,560,527	-	-	-	-	505,560,527	5	222,174,139	-	-	14,169,319	236,343,458	269,217,069
Cost -Non Factory	323,836,108	628,452	-	-	-	324,464,560	5	128,346,445	-	-	9,805,735	138,152,180	186,312,380
Revaluation Surplus	439,787,108	-	-	-	943,697,633	1,383,484,741	5	175,095,946	-	-	13,234,558	188,330,504	1,195,154,237
	1,269,183,743	628,452	-	-	943,697,633	2,213,509,828		525,616,530	-	-	37,209,612	562,826,142	1,650,683,686
PLANT AND MACHINERY													
Cost	3,538,491,511	21,018,555	144,497,071	-	-	3,704,007,137	5	1,504,601,715	35,483,220	-	107,472,522	1,647,557,457	2,056,449,680
Revaluation Surplus	995,848,801	-	-	-	366,948,670	1,362,797,471	5	465,698,959	-	-	26,507,492	492,206,451	870,591,020
	4,534,340,312	21,018,555	144,497,071	-	366,948,670	5,066,804,608		1,970,300,674	35,483,220	-	133,980,014	2,139,763,908	2,927,040,700
POWER HOUSE	506,348,010	6,497,011	-	-	-	512,845,021	5	162,129,117	-	-	17,373,969	179,503,086	333,341,935
WEIGHING BRIDGE AND SCALE	2,325,374	-	-	-	-	2,325,374	10	1,812,587	-	-	51,279	1,863,866	461,508
LABORATORY EQUIPMENT	73,722,397	-	-	-	-	73,722,397	10	48,093,675	-	-	2,562,872	50,656,547	23,065,850
ELECTRIC INSTALLATION	181,805,907	-	-	-	-	181,805,907	5	83,800,497	-	-	4,900,270	88,700,767	93,105,140
TARPULINE	739,107	-	-	-	-	739,107	10	573,287	-	-	16,582	589,869	149,238
TUBE WELL	8,873,559	-	-	-	-	8,873,559	10	6,003,691	-	-	286,987	6,290,678	2,582,881
FURNITURE AND FIXTURE	35,792,649	2,836,246	-	-	-	38,628,895	10	21,855,119	-	-	1,451,010	23,306,129	15,322,766
COMPUTER	1,540,772	-	-	-	-	1,540,772	30	1,506,526	-	-	10,274	1,516,800	23,972
OFFICE EQUIPMENT	20,924,298	1,130,700	-	-	-	22,054,998	10	11,290,519	-	-	1,048,617	12,339,136	9,715,862
VEHICLES	37,552,534	4,098,285	2,602,240	9,407,665	-	34,845,394	20	18,853,280	1,242,135	7,285,270	4,863,390	17,673,535	17,171,859
FIRE FIGHTING EQUIPMENT	8,022,969	-	-	-	-	8,022,969	10	4,959,468	-	-	306,350	5,265,818	2,757,151
TELEPHONE	6,411,941	-	-	-	-	6,411,941	10	4,569,696	-	-	184,225	4,753,921	1,658,020
ARMS AND AMMUNITION	684,750	33,000	-	-	-	717,750	10	219,790	-	-	49,796	269,586	448,164
AIR CONDITIONERS AND REFRIGERATORS	804,414	-	-	-	-	804,414	10	564,010	-	-	24,040	588,050	216,364
TOOLS AND EQUIPMENTS	5,206,611	-	-	-	-	5,206,611	10	3,488,481	-	-	171,813	3,660,294	1,546,317
	7,760,911,247	36,242,249	147,099,311	9,407,665	1,833,237,903	9,768,083,045		2,865,636,947	36,725,355	7,285,270	204,491,100	3,099,568,132	6,668,514,913
LEASED ASSETS													
PLANT AND MACHINERY	144,497,071	-	(144,497,071)	-	-	-	5	35,483,220	(35,483,220)	-	-	-	-
POWER HOUSE	6,273,000	-	-	-	-	6,273,000	5	1,396,197	-	-	243,840	1,640,037	4,632,963
VEHICLES	83,255,753	23,342,910	(2,602,240)	-	-	103,996,423	20	34,401,746	(1,242,135)	-	11,033,430	44,193,041	59,803,382
	234,025,824	23,342,910	(147,099,311)	-	-	110,269,423		71,281,163	(36,725,355)	-	11,277,270	45,833,078	64,436,345
	7,994,937,071	59,585,159	-	9,407,665	1,833,237,903	9,878,352,468		2,936,918,110	-	7,285,270	215,768,370	3,145,401,210	6,732,951,258

Notes to the Financial Statements
for the Year ended 30th June, 2019

4.2 DISPOSAL OF OPERATING FIXED ASSETS comprises of:

	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	GAIN / (LOSS)	MODE OF DISPOSAL	PARTICULARS OF PURCHASER	RELATIONSHIP WITH BUYER
					30TH JUNE, 2019			
VEHICLES								
Honda CG 125, MLG-2436	71,000	67,227	3,773	12,000	8,227	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Honda CG 125, MNR-10-2244	89,265	69,661	19,604	30,000	10,396	Negotiation	Shakeel Ahmad,near mosque shah badian wala khatkana Multan	Third Party
Honda CD 70, MNN-11-2493	67,149	56,803	10,346	20,000	9,654	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Honda CD 70, MNL-12-8618	82,366	62,885	19,481	23,000	3,519	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Honda CD 70, MNP-13-7338	71,985	48,708	23,277	25,000	1,723	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Yamaha YD 100, MNL-12-8683	81,316	62,084	19,232	21,000	1,768	Negotiation	Malik Muhammad afzal,cha jammu wala vehari rd,Multan	Third Party
Honda CD 70, MNM-14-2954	78,470	44,164	34,306	27,000	(7,306)	Negotiation	Muhammad Iqbal shah,cha jhok wala khas muzafargarh Dist,Multan	Third Party
Suzuki Cultus, MN-14-3514	1,104,468	696,186	408,282	530,000	121,718	Negotiation	Muhammad waseem afzal,shah rukne alam colony,Multan	Third Party
Suzuki Cultus, MN-11-3052	966,274	793,015	173,259	350,000	176,741	Negotiation	Hafiz Sarmad Waseem,Garden town,Multan	Third Party
Suzuki Mehran, MN-12-4031	635,300	488,190	147,110	430,000	282,890	Negotiation	Muhammad Ali,khudadad colony ward # 6,Multan	Third Party
Honda City, MN-11-4628	1,408,111	1,171,869	236,242	620,000	383,758	Negotiation	Muhammad Iqbal shah,cha jhok wala khas muzafargarh Dist,Multan	Third Party
BMW, AGF-580	15,349,500	2,468,711	12,880,789	14,492,730	1,611,941	Negotiation	First Habib Mudarba,Multan	Leasing Company
Honda CD 70, MNL-2599	50,547	38,806	11,741	11,000	(741)	Negotiation	Muhammad Akram S/O Allah Ditta	Third Party
Yamaha YD 100, MNL-8685	81,586	62,289	19,297	20,000	703	Negotiation	Malik Muhammad afzal,cha jammu wala vehari rd,Multan	Third Party
Honda 125 CC, MNR-8811	88,965	73,334	15,631	30,000	14,369	Negotiation	Muhammad Akram S/O Allah Ditta	Third Party
Honda 125 CC, MNR-9993	88,965	73,334	15,631	30,000	14,369	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Yamaha Junoon, MNL-12-8678	81,586	62,289	19,297	21,000	1,703	Negotiation	Malik Muhammad afzal,cha jammu wala vehari rd,Multan	Third Party
Hyundai Shehzore, MLM-5728	676,060	635,022	41,038	700,000	658,962	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Honda City, MLG-4761	900,790	850,235	50,555	380,000	329,445	Negotiation	Zahid Rasheed	Third Party
	21,973,703	7,824,812	14,148,891	17,772,730	3,623,839			
	-	-			-			
					30TH JUNE, 2018			
VEHICLES								
Toyota Corolla XLI, MN-12-3253	1,536,783	1,058,108	478,675	660,000	181,325	Negotiation	Muhammad Iqbal shah,cha jhok wala khas muzafargarh Dist,Multan	Third Party
Suzuki Mehran, MN-10-1674	548,487	434,977	113,510	250,000	136,490	Negotiation	Muhammad Waqas, Mohala Chaudrian wala, Sahiwal Dist. Sarghoda	Third Party
Suzuki Mehran, MNA-10-1105	533,542	439,644	93,898	250,000	156,102	Negotiation	Muhammad Ishaq, Muhalla 8 Peeran Sahib, Post Office Gulgasht, Mult	Third Party
Suzuki Cultus, MN-10-1671	864,687	701,167	163,520	323,000	159,480	Negotiation	Muhammad Usman Khan Lodhi, H # 934, Street # 9, M.T. Hamak, Islar	Third Party
Suzuki Mehran, MN-13-3947	701,689	457,388	244,301	297,000	52,699	Negotiation	Ikram Ahmed, Moza Luther,P.O.Box Riaz Abad, Dist. Multan	Third Party
Suzuki Mehran, MN-11-2685	581,442	460,773	120,669	245,000	124,331	Negotiation	Muhammad Kashif, Bairun Pak Gate, House# 2027, Qasab Pura, Multa	Third Party
Suzuki Alto, MN-11-3527	790,706	623,730	166,976	300,000	133,024	Negotiation	Tanveer Ahmed, 1268-5, Mandi Colony, Ali Wali Bhai, Faizy Road, Mul	Third Party
Honda CD 70, MNN-18-1669	69,145	1,152	67,993	54,200	(13,793)	Insurance Claim	EFU Insurance Company	Insurance Company
Suzuki Mehran, MN-10-1672	548,577	456,189	92,388	250,000	157,612	Negotiation	Nazia Tabassum W/O Tabassum Yousuf	Third Party
Suzuki Cultus, MNA-10-1109	901,812	814,941	86,871	400,000	313,129	Negotiation	Madni Hussain S/O Rab Nawaz	Third Party
Honda City, MN-10-2787	1,342,854	1,053,064	289,790	700,000	410,210	Negotiation	Altaf Hussain Tariq, Multan	Third Party
Suzuki Cultus, MN-10-2249	906,355	725,038	181,317	315,000	133,683	Negotiation	Muhammad Haroon, Chah Thaly Wala Double Phatak Islam Pura Multa	Third Party
Bike, MNL-12-8616	81,586	59,099	22,487	14,000	(8,487)	Negotiation	Kashif, Old Shujabad Road Liaqat Abad Street No. 01 Islam Pura Multa	Third Party
	9,407,665	7,285,270	2,122,395	4,058,200	1,935,805			

4.3 DEPRECIATION ALLOWANCE provided for the year has been allocated as follows:

		2019 RUPEES	2018 RUPEES
Cost of Goods Manufactured	(Note 27.2)	253,254,614	196,494,488
Administrative and General Expenses	(Note 29.1)	20,942,196	19,273,882
		274,196,810	215,768,370

Notes to the Financial Statements
for the Year ended 30th June, 2019

5 LONG TERM INVESTMENTS

5.1 At Fair Value through OCI:

	2019	2018	2019 RUPEES	2018 RUPEES
Fatima Enterprises Limited - Related Party			6,536,572	6,536,572
No of Ordinary Shares of Rs. 10 each	829,808	829,808		
Per Share Quoted Price at Year End	(Note 5.2)			
Equity Held	5.83%	5.83%		
Fair Value Adjustment			5,329,682	5,329,682
			11,866,254	11,866,254
Mubarak Textile Mills Limited			182,700	182,700
No of Ordinary Shares of Rs. 10 each	66,000	66,000		
Per Share Quoted Price at Year End	14.39	12.15		
Equity Held	1.22%	1.22%		
Fair Value Adjustment			767,040	619,200
			949,740	801,900
Fair Value at end of the Year			12,815,994	12,668,154

5.2 The fair value of this investment is stated at Rs. 14.30 per share which is the last available quoted Price of the share of Fatima Enterprises Limited (FEL) on the close of trading on 21st March, 2012, since when the trading of shares of FEL has been suspended by Pakistan Stock Exchange. For the purpose of determination of any impairment, per share break-up value as of 30th June, 2018 (on the basis of latest available audited financial statements) has been considered which works out at Rs. 158.98 and (Rs. 108.35) (2017: Rs. 198.21 and (Rs. 75.27)) per share, including and excluding revaluation surplus, respectively.

5.3 The investment was previously classified as available for sale under IAS 39 which is now classified as fair value through OCI under IFRS 9.

6 LONG TERM ADVANCE - unsecured

6.1 This is made up as follows:

		2019 RUPEES	2018 RUPEES
Balance at beginning of the Year		6,790,400	12,121,600
Less: Current Portion Shown under Current Assets	(Note 11.1)	5,331,200	5,331,200
Balance at end of the Year		1,459,200	6,790,400

6.2 This represents the unsecured amount advanced by the Company to Sui Northern Gas Pipelines Limited, to meet the cost of Gas Pipeline to be laid for supply of Gas to the weaving unit of the Company at Qadir Pur Rawn, Khanewal Road, Multan. This is recoverable in 12 years (including two years grace period) equal annual installments, commencing from 28th September, 2007. This is subject to a return @ 1.5% (2018: 1.5%) per annum, receivable annually.

7 LONG TERM DEPOSITS AND PREPAYMENTS

7.1 These Comprise of:

		2019 RUPEES	2018 RUPEES
Deposits		20,573,334	18,169,626
Prepayments	(Note 7.2)	25,000,000	25,000,000
		45,573,334	43,169,626

7.2 This represents a payment against the leased manufacturing facilities utilized by the Company which is adjustable towards the end of the respective lease term.

8 STORES, SPARES AND LOOSE TOOLS comprise of:

	2019 RUPEES	2018 RUPEES
Stores	81,441,175	71,935,286
Spares	62,392,923	55,115,314
Loose Tools	685	2,610
	143,834,783	127,053,210

Notes to the Financial Statements
for the Year ended 30th June, 2019

9 STOCK IN TRADE comprise of:

	2019 RUPEES	2018 RUPEES
Raw Material		
At Factory	1,935,772,924	1,371,654,124
In Transit	-	200,068,812
	1,935,772,924	1,571,722,936
Work in Process	115,575,926	132,698,955
Finished Goods	581,093,440	379,715,819
	2,632,442,290	2,084,137,710

10 TRADE AND OTHER RECEIVABLES

10.1 These comprise of:

		2019 RUPEES	2018 RUPEES
Trade Receivables	(Note 10.2)	1,945,082,234	1,968,547,954
Other Receivables	(Note 10.5)	385,029,385	482,358,311
		2,330,111,619	2,450,906,265

10.2 TRADE RECEIVABLES are made up as follows:

		2019 RUPEES	2018 RUPEES
Export - Secured	(Note 10.3)	1,451,184,517	1,498,091,921
Local - Unsecured Considered Good	(Note 10.4)	493,897,717	470,456,033
		1,945,082,234	1,968,547,954

10.3 Secured debtors represent foreign bills under collection secured against letters of credit from banks.

10.4 This includes balance relating to M/S Naseem Enterprises & Trading (Private) Limited, an associated undertaking (due to common directorship) of the Company, in respect of sale of Fabric. This is made up as follows:

	2019 RUPEES	2018 RUPEES
Balance at the beginning of the Year	122,455,878	-
Less: Sales Returned during the Year	122,455,878	-
	-	-
Add: Sales during the Year	18,479,246	122,455,878
Balance at end of the Year	18,479,246	122,455,878
Maximum amount outstanding at the end of any month (July-18)	122,455,878	122,455,878

This represents current balance not yet due.

10.5 OTHER RECEIVABLES comprise of:

		2019 RUPEES	2018 RUPEES
Related Party	(Note 10.6)	65,995,097	-
Insurance Claims		273,781	160,950
Sales Tax		160,311,651	167,106,616
Rebate on Export Sales		154,444,500	304,487,186
Others		4,004,356	10,603,559
		385,029,385	482,358,311

10.6 This is outstanding from M/S Naseem Enterprises & Trading (Private) Limited, which is an associated undertaking of the Company due to common directorship. This represents various expenditures paid on behalf of aforesaid related party and is receivable on demand. There is no security for this receivable and amount bears no interest and is made up as follows:

	2019 RUPEES	2018 RUPEES
Payment made during the Year	86,870,097	-
Less: Recovered during the Year	20,875,000	-
Balance at end of the Year	65,995,097	-
Maximum amount outstanding at the end of any month (June-19)	65,995,097	-

Notes to the Financial Statements
for the Year ended 30th June, 2019

		2019 RUPEES	2018 RUPEES
11 PREPAYMENTS AND ADVANCES			
11.1 These are unsecured but considered good by the management and comprise of:			
Advances to:			
Employees against Salaries and Expenses		5,504,168	5,774,174
Suppliers of Goods and Services		39,882,959	102,680,411
Sui Northern Gas Pipelines Limited	(Note 6)	5,331,200	5,331,200
Immature Letters of Credit	(Note 11.2)	52,622,704	128,095,820
Margin against Letters of Credit		1,700,000	-
Security Deposits		645,526	2,257,350
Prepayments		8,653,146	293,529
Margin against Guarantee		4,515,125	5,328,800
		118,854,828	249,761,284

11.2 These comprise of opening charges, bank charges and cost of documents.

12 INTEREST ACCRUED relates to interest recoverable from Sui Northern Gas Pipelines Limited. (Note 6.2)

13 SHORT TERM INVESTMENTS

	2019	2018	2019 RUPEES	2018 RUPEES
At Fair Value through Profit or Loss:				
Nishat Chunian Limited - quoted			474,800	538,379
No of Ordinary Shares	10,000	10,000		
Per Share Quoted Price at Year End	35.02	47.48		
Equity Held	0.004%	0.004%		
Fair Value Adjustment		(Note 30)	(124,600)	(63,579)
Fair Value at end of the Year			350,200	474,800

14 CASH AND BANK BALANCES

		2019 RUPEES	2018 RUPEES
14.1 These comprise of:			
Cash in Hand		7,022,025	4,768,019
Cash with Banks in:			
Current Accounts		92,900,652	76,909,339
Saving Accounts	(Note 14.2)	140,824,267	67,094
Deposit Accounts	(Note 14.3)	109,821,120	147,454,112
		343,546,039	224,430,545
		350,568,064	229,198,564

14.2 Saving Accounts are subject to return ranging from 4.44% to 10.06% (2018: 2.75% to 5.50%) per annum.

14.3 These Term Deposit Receipt (TDRs) are subject to return ranging from 6% to 9% (2018: 3.8% to 9%) per annum.

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

15.1 This represents Ordinary Shares of Rs.10 each and comprises of:

2019	2018			2019 RUPEES	2018 RUPEES
NUMBER OF SHARES					
17,024,093	17,024,093	Fully paid in Cash		170,240,930	170,240,930
1,760,809	1,760,809	Fully paid Bonus Shares		17,608,090	17,608,090
25,355	25,355	Consideration Other than Cash	(Note 15.3)	253,550	253,550
18,810,257	18,810,257			188,102,570	188,102,570

15.2 The Company is defendant in a lawsuit preferred by the aggrieved share holders, holding 41.28% equity shares in the Company. The pray of aforesaid lawsuit includes the winding up of the Company. Preliminary hearings and case proceeding are in progress. The management of the Company and its legal counsel are confident to defeat the petition being baseless and without merit. However, the Honorable Sindh High Court, Karachi, vide its interim order dated 1st February, 2013, has restrained the management of the Company from changing the composition of the shareholding of the Company.

15.3 These have been allotted to the share holders of M/S Naseem Enterprises (Private) Limited, against its amalgamation in to the Company in accordance with a Merger Scheme approved by the Court vide its Order dated 28th September, 2010.

Notes to the Financial Statements
for the Year ended 30th June, 2019

16 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS

16.1 This is made up as follows:

	2019 RUPEES	2018 RUPEES
Gross Surplus		
Balance at beginning of the Year		
Land - Freehold	1,524,750,184	1,002,158,584
Buildings - on Freehold Land	1,195,154,237	264,691,162
Plant and Machinery	870,591,020	530,149,842
	3,590,495,441	1,796,999,588
Resulted from Revaluation during the Year - net of Deferred Tax	-	1,653,766,070
Related Deferred Tax	-	179,471,833
	-	1,833,237,903
Incremental Depreciation on Revaluation - net of Deferred Tax	(89,570,273)	(34,300,018)
Related Deferred Tax	(13,716,990)	(5,442,032)
	(103,287,263)	(39,742,050)
Balance at end of the Year	3,487,208,178	3,590,495,441
Deferred Tax liability on Revaluation Surplus		
Balance at beginning of the Year	315,110,624	141,080,823
Deferred Tax Liability Relating to:		
- Surplus Resulted from Revaluation during the Year	-	179,471,833
- Incremental Depreciation on Revaluation	(13,716,990)	(5,442,032)
	(13,716,990)	174,029,801
Balance at end of the Year	301,393,634	315,110,624
Revaluation Surplus on Operating Fixed Assets	3,185,814,544	3,275,384,817

16.2 This represents surplus over book value resulting from the revaluation of Land-Freehold, Building on Freehold Land, Factory and non-Factory Building and Plant and Machinery. The valuation was carried out on 30th June, 2018 by Tracon (Private) Limited an independent valuer not connected with the Company and is on the panel of Pakistan Bankers Association and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

Freehold Land
Fair market value of freehold land is assessed through examining plot profile and purchase terms, independent inquiries from local active realtors, current and past occupants, of land, neighboring areas, current asking prices for industrial used land in the vicinity, access roads and independent inquiries from other real estate sources to ascertain the selling prices for the properties of the same nature.

Factory and Non-Factory Building
Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, residual factors are applied based on estimate of balance useful life to determine the current assessed market value.

Plant and Machinery
Plant and machinery have been evaluated/ assessed by inspecting items of plant and machinery. The valuer also consulted industry related dealers, indentors and/ or manufactures in order to ascertain the current replacement values of imported and locally fabricated items. The value assigned reflects the present condition of items while considering age, condition and/ or obsolescence of the items.

Notes to the Financial Statements
for the Year ended 30th June, 2019

Forced Sale Value
The latest valuation of the Company's assets was carried out on 30th June, 2018. The forced sale value of the re-valued Land - Freehold has been assessed at Rs. 1,271.379 million, Buildings on Freehold Land (Factory and non Factory Building) at Rs. 1,320.547 million and Plant and Machinery has been assessed at Rs. 2,341.633 million.

	2019 RUPEES	2018 RUPEES

17 LONG TERM LOAN FROM DIRECTORS - unsecured

This is repayable at the option of the Company. This loan along with loan disclosed in Note 19 include an amount of Rs. 215 million (2018: Rs. 215 million) which has been subordinated to the Banks against financing availed by the Company. This comprises of:

	2019 RUPEES	2018 RUPEES
Balance at beginning of the Year	195,950,231	186,325,505
Add: Disbursement during the Year	97,911,040	171,756,985
	293,861,271	358,082,490
Less: Payments made during the Year	91,358,760	162,132,259
Balance at end of the Year	202,502,511	195,950,231

18 LONG TERM FINANCING - secured

18.1 Term/Demand finances from banking companies comprising:

		2019 RUPEES	2018 RUPEES
Askari Bank Limited	(Note 18.2)	26,735,016	31,000,568
The Bank of Khyber	(Note 18.3)	108,000,000	180,000,000
Soneri Bank Limited	(Note 18.4)	518,000,000	-
Allied Bank Limited	(Note 18.5)	115,416,644	-
National Bank of Pakistan	(Note 18.6)	1,335,806,427	-
Habib Bank Limited	(Note 18.7)	220,640,000	-
		2,324,598,087	211,000,568

In addition to securities indicated under respective finances, these are secured by way of Joint Pari Passu Charge amounting to Rs. 3,320.000 million (2018: Rs. 3,320.000 million) over Fixed Assets and Personal Guarantees of the Sponsoring Directors of the Company, except other wise stated.

18.2 TERM FINANCE FROM ASKARI BANK LIMITED is made up as follows:

		2019 RUPEES	2018 RUPEES
Balance at beginning of the Year		31,000,568	38,902,482
Less: Current Portion Shown under Current Liabilities	(Note 24.2)	4,265,552	7,901,914
Balance at end of the Year		26,735,016	31,000,568

These have been obtained for the import of Plant and Machinery for BMR/Expansion of Spinning Section. These are repayable over a period from 24th August, 2019 to 24th November, 2026, in 28 to 30 equal quarterly installments.

These are secured by lien over deposits in the name of the Company, by way of Joint Pari Passu Charge amounting to Rs. 1,475 million (2018: Rs. 1,475 million) over Fixed Assets, and Personal Guarantees of the Directors of the Company. These carry mark-up 9.04% (2018: 8.15% to 8.65%) per annum for TF and 5.00% (2018: 5.00%) per annum for LTFF Scheme introduce by SBP, payable semi annually and quarterly respectively.

18.3 DEMAND FINANCE FROM THE BANK OF KHYBER is made up as follows:

		2019 RUPEES	2018 RUPEES
Balance at beginning of the Year		180,000,000	252,000,000
Less: Current Portion Shown under Current Liabilities	(Note 24.2)	72,000,000	72,000,000
Balance at end of the Year		108,000,000	180,000,000

This is secured by way of Lien over deposit (TDR) in the name of Directors of the Company and Personal Guarantees of the Directors of the Company. This is repayable over a period from 31st December, 2019 to 31st December, 2021, in 5 half yearly instalments. This carries Mark-up @ 0.50% over and above the profit rate of aforesaid deposit (TDR) (2018: 0.50% over and above the profit rate of aforesaid deposit (TDR)) per annum, payable annually.

Notes to the Financial Statements
for the Year ended 30th June, 2019

18.4 TERM FINANCE FROM SONERI BANK LIMITED

This represents short term borrowing re-scheduled vide an approval Letter No. SBL/CAD-CIBG/19/22 dated 20th March, 2019 of the bank and is repayable in 16 equal quarterly instalments commencing from 1st July, 2020. This is secured by way of joint Pari Passu charge amounting to Rs. 620 Million over Fixed Assets of the Company, specific charge amounting to Rs. 130 million (2018: Rs. 130 million) over 17 Air Jet Looms installed at Weaving Unit of the Company located at Qadirpur Rawn Bypass, Multan and Specific Charge of Rs. 200 million (2018: Rs. 200 million) over (03) three Draw Frames and (10) ten Cards installed at Unit - 01 and Personal Guarantees of the Directors of the Company. This carries Mark-up 3 month kibor + 2.25% per annum.

		2019 RUPEES	2018 RUPEES
18.5 TERM FINANCE FROM ALLIED BANK LIMITED is made up as follows:			
Re-Scheduled from Short Term Borrowings		138,500,000	-
Less: Current Portion Shown under Current Liabilities	(Note 24.2)	23,083,356	-
Balance at end of the Year		115,416,644	-

This represents short term borrowing re-scheduled vide an approval Letter No. CIBG/MUL/HML/134/2019 dated 18th June, 2019 of the bank and is repayable in 18 equal quarterly instalments commencing from 4th October, 2019. This is secured by way of Joint Pari Passu charge amounting to Rs. 570 million, over Fixed Assets and Personal Guarantees of the Directors of the Company. This carries Mark-up ranging from 12.53% to 12.99% per annum.

18.6 DEMAND FINANCE FROM NATIONAL BANK OF PAKISTAN

This represents short term borrowing re-scheduled vide an approval Letter No. CIBG/MTN/2019/337 dated 19th December, 2019 of the bank and is repayable in 28 quarterly instalments commencing from 31st March, 2022. This is secured by way of ranking charge and after upgradation ranking charge into 1st Joint Pari Passu charge, on all Present and Future Fixed Assets @ 25% Margin and Personal Guarantees of the Directors of the Company. This carries Mark-up 3 month kibor + 1.50% per annum.

18.7 TERM FINANCE FROM HABIB BANK LIMITED

This represents short term borrowing re-scheduled vide an approval letter no. nil dated 4th December, 2019 of the bank and This is repayable in 32 equal quarterly instalments commencing from 31st March, 2020. This is secured by way of ranking charge and after upgradation ranking charge into 1st Joint Pari Passu charge amounting to Rs. 295.000 million, on all Present and Future Fixed Assets and Personal Guarantees of the Directors of the Company.

19 LONG TERM LOAN FROM DIRECTORS

This represents the a finance facility amounting to Rs. 60 million (2018: Rs. 60 million) from The Bank of Khyber, sanctioned to Sheikh Umer Farooq a director of the Company, having 0.41% Shareholding in the Company. This bears markup @ 0.50% (2018: 0.50%%) over and above profit rate on term deposit receipts (under lien), and is born by the Company.

20 FINANCE LEASE LIABILITIES

20.1 This is made up as follows:

		2019 RUPEES	2018 RUPEES
Liability due for the year ended 30th June:			
2018		-	41,057,470
2019		19,664,962	13,921,581
2020		15,704,263	5,685,974
2021		9,242,897	269,746
2022		6,043,991	-
		50,656,113	60,934,771
Less: Payments during the year		19,664,962	41,057,470
Gross Minimum Lease Payments		30,991,151	19,877,301
Less: Future Period Financial Charges		4,342,293	1,383,205
Present Value of Gross Minimum Lease Payments		26,648,858	18,494,096
Less: Current Portion Shown under Current Liabilities	(Note 24.1)	13,043,593	12,808,983
		13,605,265	5,685,113

Notes to the Financial Statements
for the Year ended 30th June, 2019

	2019 RUPEES	2018 RUPEES

20.2 The reconciliation between Gross Minimum Lease Payments, future Financial Charges and present value of Minimum Lease Payments is as follows:

	2019 RUPEES	2018 RUPEES
GROSS MINIMUM LEASE PAYMENTS		
Not later than one Year	15,704,263	13,921,581
Later than one Year but not later than five Years	15,286,888	5,955,720
Later than Five Years	-	-
	30,991,151	19,877,301
PRESENT VALUE OF MINIMUM LEASE PAYMENTS		
Not later than one Year	13,043,593	12,808,983
Later than one Year but not later than five Years	13,605,265	5,685,113
Later than Five Years	-	-
	26,648,858	18,494,096

20.3 The Company entered into the Finance Lease agreements with various Financial Institutions to acquire Machinery, Power House and Vehicles. The implicit Mark-up rate used to discount the minimum lease payments ranges from 9.02% to 13.71% (2018: 9.15%) per annum. These are secured against Title of the Leased Assets and Personal Guarantees of the Directors of the Company. The Company avails the option to purchase the Assets at the end of respective lease terms.

21 **DEFERRED LIABILITIES**:

21.1 These comprise of

		2019 RUPEES	2018 RUPEES
Deferred Taxation	(Note 21.2)	245,981,553	245,856,253
Staff Retirement Benefits	(Note 21.3)	40,882,398	46,341,381
		286,863,951	292,197,634

21.2 **DEFERRED TAXATION** is in respect of the following temporary differences:

	2019 RUPEES	2018 RUPEES
Taxable Temporary Differences		
Accelerated Depreciation	259,279,649	259,279,649
Export Debtors	5,917,280	5,917,280
Lease Liability	586,046	586,046
Surplus on Revaluation of Operating Fixed Assets	179,471,833	179,471,833
Deductible Temporary Differences		
Staff Gratuity	(5,059,952)	(5,059,952)
Unused Tax Losses	(16,325,914)	(16,325,914)
Turnover Tax	(177,979,723)	(177,979,723)
Un-realized Loss on Re-measurement of Defined Benefit Obligation	92,334	(32,966)
	245,981,553	245,856,253

21.3 **ANALYSIS OF CHANGE IN DEFERRED TAX LIABILITY**

PARTICULARS	BALANCE AT BEGINNING OF THE YEAR	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	BALANCE AT END OF THE YEAR
Balance as at 30th June, 2019				
Accelerated Depreciation	259,279,649	-	-	259,279,649
Export Debtors	5,917,280	-	-	5,917,280
Lease Liability	586,046	-	-	586,046
Surplus on Revaluation of Operating Fixed Assets	179,471,833	-	-	179,471,833
Staff Gratuity	(5,059,952)	-	-	(5,059,952)
Unused Tax Losses	(16,325,914)	-	-	(16,325,914)
Turnover Tax	(177,979,723)	-	-	(177,979,723)
Un-realized Loss on Re-measurement of Defined Benefit Obligation	(32,966)	-	125,300	92,334
	245,856,253	-	125,300	245,981,553

Notes to the Financial Statements
for the Year ended 30th June, 2019

PARTICULARS	BALANCE AT BEGINNING OF THE YEAR	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	BALANCE AT END OF THE YEAR
Balance as at 30th June, 2018				
Accelerated Depreciation	259,279,649	-	-	259,279,649
Export Debtors	5,917,280	-	-	5,917,280
Lease Liability	586,046	-	-	586,046
Surplus on Revaluation of Operating Fixed Assets	-	-	179,471,833	179,471,833
Staff Gratuity	(5,059,952)	-	-	(5,059,952)
Unused Tax Losses	(16,325,914)	-	-	(16,325,914)
Turnover Tax	(177,979,723)	-	-	(177,979,723)
Un-realized Loss on Re-measurement of Defined Benefit Obligation	-	-	(32,966)	(32,966)
	66,417,386	-	179,438,867	245,856,253

21.3 STAFF RETIREMENT BENEFITS represent Staff Gratuity and is made up as follows:

	2019 RUPEES	2018 RUPEES
Balance at beginning of the Year	46,341,381	48,621,773
Expense for the Year	43,496,814	45,049,426
Transfers from Current Liabilities	1,408,122	-
Amount Chargeable to OCI during the Year	(943,490)	240,740
Payments made during the Year	(49,420,429)	(47,570,558)
Present Value of Defined Benefit Obligation	40,882,398	46,341,381

ALLOCATION OF CHARGE FOR THE YEAR is as follows:

	2019	2018
Cost of Goods Manufactured	36,043,178	36,044,330
Administrative Expenses	7,453,636	9,005,096
	43,496,814	45,049,426
	-	-

Historical information is as follows:

	2019	2018	2017	2016	2015
Charge for Gratuity	43,496,814	45,049,426	40,090,311	42,548,913	38,275,088

RECONCILIATION of the amount recognized in Statement of Financial Position for the Previous Year

	2019 RUPEES	2018 RUPEES
Present value of Defined Benefit Obligations	46,341,381	48,621,773
Less: Fair Value of Plan Assets	-	-
Defined Benefit Liability	46,341,381	48,621,773

RECONCILIATION OF PRESENT VALUE of Defined benefit Obligation

	2019	2018
Present Value of Defined Benefit Obligations at the beginning of the Year	46,341,381	48,621,773
Service Cost (Current Service Cost + Past Service Cost + Gains/Losses on Settlements)	39,548,482	41,696,791
Interest on Defined Benefit Obligation	3,948,332	3,352,635
Benefit Paid during the Year	(49,420,429)	(47,570,558)
Transfers from Current Liabilities	1,408,122	-
Actuarial (Gains) / Losses	(943,490)	240,740
Present Value of Defined Benefit Obligation at the end of the Year	40,882,398	46,341,381

AMOUNT CHARGEABLE to Profit or Loss Account for the Current Year

	2019	2018
Service Cost	39,548,482	41,696,791
Net Interest on Net Defined Benefit Liability (Asset)	3,948,332	3,352,635
Total Amount Chargeable to Profit or Loss Account	43,496,814	45,049,426

Notes to the Financial Statements
for the Year ended 30th June, 2019

	2019 RUPEES	2018 RUPEES
REMEASUREMENTS of Net Defined Benefit Liability		
Actuarial (Gains)/Losses due to changes in Demographic Assumptions	-	-
Actuarial (Gains)/Losses due to changes in Financial Assumptions	-	-
Actuarial (Gains)/Losses due to changes in Experience Adjustments	(943,490)	240,740
Return on Plan Assets	-	-
Effect of Changes in Asset Ceiling	-	-
Amount Chargeable to Other Comprehensive Income	(943,490)	240,740
RECONCILIATION of the amount recognized in Statement of Financial Position as at end of the Year		
Present Value of Defined Benefit Obligations	40,882,398	46,341,381
Less: Fair Value of Plan Assets	-	-
Net Defined Benefit Liability	40,882,398	46,341,381
RECONCILIATION of Net Defined Benefits Liability		
Defined Benefit Liability as at Beginning of the Year	46,341,381	48,621,773
Cost Chargeable to Profit or Loss Account during the Year	43,496,814	45,049,426
Cost Chargeable to Other Comprehensive Income	(943,490)	240,740
Transfers from Current Liabilities	1,408,122	-
Benefits Paid during the Year	(49,420,429)	(47,570,558)
Net Defined Benefit Liability as at End of the Year	40,882,398	46,341,381

PRINCIPAL ACTUARIAL ASSUMPTIONS

The actuarial valuation of Gratuity was conducted on 30th June, 2019 in accordance with IAS 19 "Employees Benefits" by using Projected Unit Credit Method. Following significant assumptions, were used for the actuarial valuation:

	2019	2018
PRINCIPAL ACTUARIAL ASSUMPTIONS		
Discount Rate	12.50%	9.00%
Expected Rate of Salary Increase in Future Years	11.50%	8.00%
Average duration of Liability	8 Years	7 Years

SENSITIVITY ANALYSIS AS AT 30TH JUNE, 2019

	DISCOUNT RATE + 1%	DISCOUNT RATE - 1%	SALARY INCREASE + 1%	SALARY INCREASE - 1%
PVDBO	38,879,075	43,332,850	43,332,850	38,845,229

RISKS ASSOCIATED WITH THE GRATUITY SCHEME

- The Gratuity Scheme is an un-funded Scheme. There is no statutory requirement to setup a fund to pay gratuity benefit. Therefore, there is no minimum funding requirements which lead to relatively less secured gratuity benefit.

- However, it is likely that the accrued gratuity benefits could be considered as high priority debt in case of insolvency of the sponsor.

- The Gratuity Scheme is a defined benefit scheme with benefits based on last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increases.

Notes to the Financial Statements
for the Year ended 30th June, 2019

		2019 RUPEES	2018 RUPEES
22 TRADE AND OTHER PAYABLES comprise of:			
22.1 These comprise of:			
Creditors		1,178,833,395	863,073,061
Accrued Liabilities		127,934,053	141,999,471
Contract Liabilities		61,507,865	49,843,419
Accrued Interest and Mark-up	(Note 22.2)	142,665,147	74,115,017
Income Tax Withheld		3,578,730	3,335,742
Retention Money		702,489	702,489
Workers' (Profit) Participation Fund	(Note 30)	13,026,160	13,026,160
Bills Payable		1,814,220	58,256,516
		1,530,062,059	1,204,351,875

		2019 RUPEES	2018 RUPEES
22.2 ACCRUED INTEREST AND MARK-UP relates to:			
Long Term Finances		22,823,758	4,951,765
Short Term Borrowings		116,259,827	67,209,960
Workers' (Profit) Participation Fund		3,581,562	1,953,292
		142,665,147	74,115,017

23 SHORT TERM BORROWINGS

		2019 RUPEES	2018 RUPEES
23.1 These comprise of:			
Secured - from Banking Companies:			
Pre/Post-Shipment Advance	(Note 23.2)	1,042,292,557	2,097,174,423
Cash/Running Finances	(Note 23.2)	2,462,663,358	3,010,420,332
		3,504,955,915	5,107,594,755
Unsecured - Overdraft	(Note 23.3)	42,749,684	70,102,462
		3,547,705,599	5,177,697,217

23.2 These facilities have been obtained from various Commercial Banks with sanctioned limits aggregating Rs. 4.279 Billion (2018: Rs. 6.152 Billion). The aggregate facilities are secured by a joint pari passu hypothecation charge on all present and future current assets of the Company including Stock in Trade, Trade Debts, Lien on Export Bills and Personal Guarantees of the Working Directors of the Company. These include an amount of Rs. 850.000 million which is secured against the personal deposits of the working directors of the Company. The expiry dates of the facilities range during the period from 30th November, 2019 to 28th February, 2020. These facilities carry Mark up rates ranging from 8.43% to 13.06% (2018: 2.00% to 9.03%) per annum. Short term borrowing facilities which remained unutilized at year end are Rs. 0.774 billion (2018: Rs. 1.044 billion).

23.3 This represents the cheques issued in excess of the available balances in the Banks of the Company, which have been presented for payment subsequent to the year end.

24 CURRENT PORTION OF LONG TERM LIABILITIES

		2019 RUPEES	2018 RUPEES
24.1 These comprise of:			
Current Portion of Long Term Finances	(Note 24.2)	135,348,908	111,697,420
Current Portion of Finance Lease Liabilities	(Note 20)	13,043,593	12,808,983
		148,392,501	124,506,403

		2019 RUPEES	2018 RUPEES
24.2 CURRENT PORTION OF LONG TERM FINANCES is made up as follows:			
Balance at beginning of the Year		111,697,422	242,036,780
Less: Payments made during the Year		75,697,422	242,036,780
Overdue Portion		36,000,000	-
Add: Transferred from Long Term Portion		99,348,908	111,697,420
Balance at end of the Year		135,348,908	111,697,420

Notes to the Financial Statements
for the Year ended 30th June, 2019

		2019 RUPEES	2018 RUPEES

25 CONTINGENCIES AND COMMITMENTS

25.1 CONTINGENCIES

(a) A case of the Company is pending for decision before the Honorable Sind High Court, Karachi, against the imposition of a levy by the Excise and Taxation Officer, Karachi, amounting to Rs. 128.144 million (2018: Rs. 108.144 million), on imports of the Company , which has been recognized in the financial statements of the Company.

(b) Letters of Guarantee issued by the Banks on behalf of the Company in favour of:

		2019 RUPEES	2018 RUPEES
Sui Northern Gas Pipelines Limited		150,444,400	148,908,900
Excise and Taxation	(Note 25.1 (a))	128,144,299	108,144,299
Multan Electric Company		9,770,600	9,770,600
		288,359,299	266,823,799

(c) Since January, 2017, the Company has stopped production from and payment of monthly rental amounting to Rs. 4.000 million, of the leased facilities, which aggregates to Rs. 120.000 million (2018: 72.000 million) and has not been recognised in these financial statements. The Company is in the process of confirmation through court of law, of surrendering the possession back of the aforesaid leased units as a consequence of termination of tri-part lease agreemennts with the lessors and Soneri Bank Limited (financing bank of the lessor). The Company is pursuing the waiver of aforesaid rentals.

25.2 COMMITMENTS

Outstanding Letters of Credit for:

	2019 RUPEES	2018 RUPEES
Store and Spares	25,030,113	8,832,519
Raw Material	60,560,160	872,561,021
	85,590,273	881,393,540

26 SALES represent revenue from contract with customers in respect of sale of goods is made up as follows:

	2019 RUPEES	2018 RUPEES
Local Sales:		
Goods	5,674,534,211	5,061,478,393
Waste	171,715,228	101,164,908
	5,846,249,439	5,162,643,301
Less: Sales Tax	291,675	178,470
Total Local Sales	5,845,957,764	5,162,464,831
Export Sales:		
Goods	6,605,531,632	7,286,982,420
Waste	-	27,605,679
	6,605,531,632	7,314,588,099
Rebate	-	301,549,667
Total Export Sales	6,605,531,632	7,616,137,766
	12,451,489,396	12,778,602,597

27 COST OF SALES

27.1 This is made up as follows:

		2019 RUPEES	2018 RUPEES
Finished Goods at beginning of the Year		379,715,819	383,547,684
Add: Cost of Goods:			
Manufactured	(Note 27.2)	12,612,782,777	11,632,239,917
Purchased		16,553,577	120,766,303
		12,629,336,354	11,753,006,220
		13,009,052,173	12,136,553,904
Finished Goods at end of the Year		581,093,440	379,715,819
		12,427,958,733	11,756,838,085

Notes to the Financial Statements
for the Year ended 30th June, 2019

		2019 RUPEES	2018 RUPEES
27.2 COST OF GOODS MANUFACTURED is made up as follows:			
Work in Process at beginning of the Year		132,698,955	101,906,014
Raw Material Consumed	(Note 27.3)	10,016,866,801	9,067,086,528
Packing Material Consumed		118,475,204	130,934,372
Stores Consumed		414,063,923	474,425,462
Salaries, Wages and Benefits	(Note 27.4)	731,033,981	781,692,969
Power and Fuel		1,000,377,264	960,670,062
Insurance		24,815,712	25,632,535
Repair and Maintenance		31,932,109	20,476,825
Processing Charges		2,110,922	2,571,893
Depreciation	(Note 4.3)	253,254,614	196,494,488
Other Manufacturing Expenses		2,729,218	3,047,724
		12,728,358,703	11,764,938,872
Work in Process at end of the Year		115,575,926	132,698,955
		12,612,782,777	11,632,239,917

	2019 RUPEES	2018 RUPEES
27.3 RAW MATERIAL CONSUMED is made up as follows:		
Balance at beginning of the Year	1,571,722,936	1,872,511,892
Add: Purchases including Expenses	10,380,916,789	8,766,297,572
Available for Consumption	11,952,639,725	10,638,809,464
Balance at end of the Year	1,935,772,924	1,571,722,936
	10,016,866,801	9,067,086,528

27.4 These include Rs. 36.043 million (2018: 36.044 million) in respect of Staff Retirement Benefits.

	2019 RUPEES	2018 RUPEES
28 MARKETING AND DISTRIBUTION COST comprises of:		
Local Freight, Octroi and Other Charges	4,791,585	6,510,205
Sea and Trailer Freight	63,736,870	73,113,432
Clearing and Forwarding Expenses	14,150,228	19,134,659
Commission on:		
Local Sales	15,741,466	21,963,810
Export Sales	71,699,566	53,848,355
Insurance	2,143,191	2,799,922
Bill of Lading Charges	2,015,063	2,443,376
Export Development Surcharge	15,811,838	16,476,362
Quality Claim	1,687,526	250,390
Sales Promotion Expenses	162,232	3,405,138
Others Expenses	15,977,623	9,987,280
	207,917,188	209,932,929

Notes to the Financial Statements
for the Year ended 30th June, 2019

			2019 RUPEES	2018 RUPEES
29	**ADMINISTRATIVE AND GENERAL EXPENSES**			
29.1	These comprise of:			
	Directors' Remuneration		4,620,000	4,620,000
	Staff Salaries and Benefits	(Note 29.2)	163,834,308	168,822,086
	Printing and Stationery		790,298	740,453
	Communication		7,869,493	6,957,454
	Sui Gas and Water Charges		3,181,734	2,158,530
	Electricity		3,356,734	3,360,794
	Insurance		5,906,257	5,502,889
	Travelling and Conveyance		20,307,478	18,509,576
	Entertainment		3,349,014	4,257,252
	Rent, Rates and Taxes		1,867,974	1,503,339
	Vehicle Running and Maintenance		12,725,879	10,487,659
	Repair and Maintenance		7,582,415	6,289,405
	Fees and Subscriptions		2,329,241	1,734,703
	Legal and Professional Charges		8,605,712	3,694,867
	Auditors' Remuneration	(Note 29.3)	800,000	800,000
	Advertisement and Publicity		17,000	25,600
	ISO Expenses		3,513,513	3,039,791
	Charity and Donations		804,903	1,050,019
	Newspapers and Periodicals		65,202	71,671
	Depreciation	(Note 4.3)	20,942,196	19,273,882
	General Expenses		4,995,625	3,967,080
			277,464,976	266,867,050

29.2 These include Rs. 7.454 million (2018: 9.005 million) in respect of Staff Retirement Benefits.

29.3 This is in respect of Company's statutory audit.

			2019 RUPEES	2018 RUPEES
30	**OTHER OPERATING EXPENSES** comprises of:			
	Loss on Re-Measurement on fair value through profit or loss	(Note 13)	124,600	63,579
	Balances Written Off		-	1,164,319
	Workers' (Profit) Participation Fund	(Note 22)	-	13,026,160
			124,600	14,254,058
31	**OTHER INCOME** comprises of income from:			
	Financial Assets			
	Return on Financial Assets		9,150,314	4,736,993
	Gain on Sale of Short Term Investment		-	143,891
	Interest Income	(Note 6.2)	136,526	216,495
	Dividend Income		-	27,500
	Exchange Gain on Realization of Foreign Debtors		324,019,371	136,441,812
	Unrealised Exchange Gain on Foreign Debtors		169,671,289	-
			502,977,500	141,566,691
	Non Financial Assets			
	Gain on Disposal of Operating Fixed Assets		3,623,839	1,935,805
			506,601,339	143,502,496
32	**FINANCE COST** comprises of:			
	Interest/Mark-up on:			
	Short Term Borrowings		514,471,770	371,052,947
	Long Term Finance		25,373,184	18,890,729
	Worker's (Profit) Participation Fund		1,628,270	-
	Finance Lease Charges		2,813,729	4,060,152
	Exchange Loss on Foreign Currency Finances		4,520,213	2,190,609
	Bank Charges and Commission		46,644,908	30,521,485
			595,452,074	426,715,922

Notes to the Financial Statements
for the Year ended 30th June, 2019

	2019 RUPEES	2018 RUPEES
33 INCOME TAX EXPENSE		
33.1 This relates to:		
Current Taxation:		
For the Year	148,197,288	125,742,917
Prior Year	-	1,113,225
	148,197,288	126,856,142
Deferred Taxation	-	-
	148,197,288	126,856,142

33.2 In view of available tax losses, current taxation represents tax levied on turnover U/S 113 of the Income Tax Ordinance, 2001 ("the Ordinance"), on Local Sale and tax deducted U/S 169 of the Ordinance on export proceeds realized during the Year.

33.3 Income Tax Assessments of the Company up to Tax Year 2018 have either been finalized or the Income Tax Returns were filed under self assessment scheme in accordance with the provisions of Income Tax Ordinance, 2001, hence deemed to be assessed as declared.

33.4 Numerical reconciliation between the effective tax and the applicable tax is not required as the entire taxation of the Company comprises of final and minimum tax only, under respective provisions of the Income Tax Ordinance, 2001.

	2019	2018
34 (LOSS) / EARNINGS PER SHARE		
34.1 Basic (Loss)/Earnings per Share		
(Loss) / Profit for the Year	(699,024,124)	120,640,907
	NUMBER OF SHARES	
Weighted Average Number of Ordinary Shares Outstanding during the Year	18,810,257	18,810,257
	R U P E E S	
Basic (Loss) / Earnings per Share	(37.16)	6.41

34.2 Diluted (Loss) / Earnings per Share
There are no dilutive potential ordinary shares outstanding as at 30th June, 2019 and 2018.

Notes to the Financial Statements
for the Year ended 30th June, 2019

35 RELATED PARTIES DISCLOSURES

Disclosure of transactions between the Company and Related Parties.

NATURE OF TRANSACTIONS	RELATIONSHIP / PERCENTAGE OF SHARE HOLDING	

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

Trade and Other Receivable	Associated undertaking	(Note 10)
Long Term Loan from Directors:		
Sh. Umar Farooq	Director holding 0.41% (2018: 0.41%) equity shares	(Note 17)
Ghazala Nasreen	Director holding 0.46% (2018: 0.46%) equity shares	(Note 17)
Hussain Ahmed Fazal	Director holding 51.96% (2018: 51.96%) equity shares	(Note 17)
Deferred Liabilities	Expense in relation to staff retirement gratuity	(Note 21.3)
Compensation paid to key management personnel	Key management personnel	(Note 36)

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

Executive means an employee whose basic salary exceeds Rs. 1,200,000 (2018: Rs. 1,200,000) per year. The aggregate amount charged in the account for the year for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company is as follows:

	2019 RUPEES		
PARTICULARS	Chief Executive	Director	Executives
Managerial Remuneration	654,000	3,600,000	39,744,972
House Rent allowance	264,000	-	-
Utility Allowance	36,000	-	-
Medical Allowance	66,000	-	3,974,497
	1,020,000	3,600,000	43,719,469
NUMBER OF PERSONS	1	1	21

	2018 RUPEES		
PARTICULARS	Chief Executive	Director	Executives
Managerial Remuneration	654,000	3,600,000	39,533,453
House Rent allowance	264,000	-	-
Utility Allowance	36,000	-	-
Medical Allowance	66,000	-	3,953,345
	1,020,000	3,600,000	43,486,798
NUMBER OF PERSONS	1	1	21

In addition to above Chief Executive, Director and certain Executives are provided with Company maintained vehicles.

37 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)

- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	CARRYING AMOUNT					FAIR VALUE			
AS AT 30TH JUNE, 2019	FINANCIAL ASSETS AT AMORTIZED COST	FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE THROUGH OCI	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	R U P E E S								
Financial Assets - Measured at Fair Value									
Short Term investment	-	350,200	-	-	350,200	350,200	-	-	350,200
Long Term investment	-	-	12,815,994	-	12,815,994	12,815,994	-	-	12,815,994
Financial Assets - Not Measured at Fair Value									
Trade and Other Receivables	2,330,111,619	-	-	-	2,330,111,619	-	-	-	-
Prepayments and Advances	118,854,828	-	-	-	118,854,828	-	-	-	-
Interest Accrued	46,377	-	-	-	46,377	-	-	-	-
Bank Balances	343,546,039	-	-	-	343,546,039	-	-	-	-
Long Term Advance	1,459,200	-	-	-	1,459,200	-	-	-	-
Long Term Deposits and Prepayments	45,573,334	-	-	-	45,573,334	-	-	-	-
	2,839,591,397	350,200	12,815,994	-	2,852,757,591	13,166,194	-	-	13,166,194
Financial Liabilities - Not Measured at Fair Value									
Long Term Financing	-	-	-	2,324,598,087	2,324,598,087	-	-	-	-
Finance Lease Liabilities	-	-	-	13,605,265	13,605,265	-	-	-	-
Trade and Other Payables	-	-	-	1,530,062,059	1,530,062,059	-	-	-	-
Short Term Borrowings	-	-	-	3,547,705,599	3,547,705,599	-	-	-	-
Unclaimed Dividend	-	-	-	124,939	124,939	-	-	-	-
Current Portion of Long Term Liabilities	-	-	-	148,392,501	148,392,501	-	-	-	-
	-	-	-	7,564,488,450	7,564,488,450	-	-	-	-

Notes to the Financial Statements
for the Year ended 30th June, 2019

AS AT 30TH JUNE, 2018	CARRYING AMOUNT					FAIR VALUE			
	FINANCIAL ASSETS AT AMORTIZED COST	FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE THROUGH OCI	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	R U P E E S								
Financial Assets - Measured at Fair Value									
Short Term investment	-	474,800	-	-	474,800	474,800	-	-	474,800
Long Term investment	-	-	12,668,154	-	12,668,154	12,668,154	-	-	12,668,154
Financial Assets - Not Measured at Fair Value									
Trade and Other Receivables	2,450,906,265	-	-	-	2,450,906,265	-	-	-	-
Prepayments and Advances	249,761,284	-	-	-	249,761,284	-	-	-	-
Interest Accrued	91,674	-	-	-	91,674	-	-	-	-
Bank Balances	224,430,545	-	-	-	224,430,545	-	-	-	-
Long Term Advance	6,790,400	-	-	-	6,790,400	-	-	-	-
Long Term Deposits and Prepayments	43,169,626	-	-	-	43,169,626	-	-	-	-
	2,975,149,794	474,800	12,668,154	-	2,988,292,748	13,142,954	-	-	13,142,954
Financial Liabilities - Not Measured at Fair Value									
Long Term Financing	-	-	-	211,000,568	211,000,568	-	-	-	-
Finance Lease Liabilities	-	-	-	5,685,113	5,685,113	-	-	-	-
Trade and Other Payables	-	-	-	1,204,351,875	1,204,351,875	-	-	-	-
Short Term Borrowings	-	-	-	5,177,697,217	5,177,697,217	-	-	-	-
Unclaimed Dividend	-	-	-	124,939	124,939	-	-	-	-
Current Portion of Long Term Liabilities	-	-	-	124,506,403	124,506,403	-	-	-	-
	-	-	-	6,723,366,115	6,723,366,115	-	-	-	-

Notes to the Financial Statements
for the Year ended 30th June, 2019

38 FINANCIAL RISK MANAGEMENT

38.1 The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

38.2 RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for establishment and over-sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

38.3 CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Most of the customers are also secured, where possible, by way of letters of credit.

EXPOSURE TO CREDIT RISK

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

	2019 RUPEES	2018 RUPEES
Financial Assets at FVOCI		
Long Term Investment	12,815,994	12,668,154
Financial Assets at FVTPL		
Short Term Investment	350,200	474,800
Financial Assets at Amortized Cost		
Trade and Other Receivables	2,330,111,619	2,450,906,265
Prepayments and Advances	118,854,828	249,761,284
Interest Accrued	46,377	91,674
Bank Balances	343,546,039	224,430,545
Long Term Advance	1,459,200	6,790,400
Long Term Deposits and Prepayments	45,573,334	43,169,626
	2,852,757,591	2,988,292,748

Notes to the Financial Statements
for the Year ended 30th June, 2019

COUNTERPARTIES WITH EXTERNAL CREDIT RATING

Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect nonperformance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating			2019	2018
	Short Term	**Long Term**	**Agency**	**RUPEES**	**RUPEES**
AL Baraka Bank (Pakistan) Ltd.	A1	A	PACRA	23,722	52,763
Allied Bank Ltd.	A-1+	AAA	PACRA	96,291	27,811
Askari Bank Ltd.	A-1+	AA+	PACRA	156,725,441	44,891,887
Bank Al- Habib Ltd.	A-1+	AA+	PACRA	1,815,074	54,145
Bank Alfalah Ltd.	A-1+	AA+	PACRA	406,684	355,822
Bank Islami Pakistan Ltd.	A-1	A+	PACRA	382,390	360,543
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	863,684	130,284
Habib Metropolitan Bank Ltd.	A-1+	AA+	PACRA	25,522,397	207,224
JS Bank Ltd.	A-1+	AA-	PACRA	114,603	104,165
MCB Bank Ltd.	A-1+	AAA	PACRA	694,846	201,326
Meezan Bank Ltd.	A-1+	AA+	JCR-VIS	394,096	1,200,970
National Bank of Pakistan	A-1+	AAA	JCR-VIS	14,960,023	53,460,468
Soneri Bank Ltd.	A1+	AA-	PACRA	41,340,546	41,019,983
The Bank of Khyber	A-1	A	PACRA	100,137,000	62,021,000
The Bank of Punjab	A-1+	AA	PACRA	19,648	19,648
United Bank Ltd.	A-1+	AAA	JCR-VIS	49,594	20,322,506
				343,546,039	224,430,545

COUNTERPARTIES WITHOUT EXTERNAL CREDIT RATING

These mainly include customers which are counter parties to local and foreign trade debts against sale of yarn and fabric. As explained in note 3.1, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. On adoption of IFRS 9, management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used three years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. These mainly include customers which are counter parties to trade debts. The Company is exposed to credit risk. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2019 (on adoption of IFRS 9) was determined as follows:

The aging of Trade Debts at the reporting date is:

	2019	2018
Export Debtors - Secured		
Not Past due	1,451,184,517	1,498,091,921
Local Debtors - Unsecured		
Past due 1 to 60 days	453,900,375	453,871,065
Past due 60 to 120 days	-	-
Past due 60 days	39,997,342	16,584,968
	1,945,082,234	1,968,547,954
	-	-

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.

Credit risk on loans and advances and markup accrued from associated companies are measured under General Approach and with respect to external credit ratings of the holding company.

Notes to the Financial Statements
for the Year ended 30th June, 2019

CONCENTRATION OF CREDIT RISK

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

38.4 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations/ commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained various short term facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

Exposure to liquidity risk

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

Financial Liabilities' Maturities as at 30th June, 2019:

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
	Rupees				
Long Term Financing - Secured	2,459,946,995	81,209,345	54,139,563	135,348,908	2,189,249,179
Finance Lease Liabilities	26,648,858	6,521,797	6,521,797	7,887,880	5,717,385
Trade and Other Payables	1,530,062,059	1,071,043,441	459,018,618	-	-
Short Term Borrowings - Secured	3,504,955,915	2,278,221,345	1,226,734,570	-	-

Financial Liabilities' Maturities as at 30th June, 2018:

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
	Rupees				
Long Term Financing - Secured	322,697,988	67,018,452	44,678,968	111,697,420	99,303,148
Finance Lease Liabilities	18,494,096	6,404,492	6,404,492	5,420,413	264,700
Trade and other Payables	1,204,351,875	843,046,313	361,305,563	-	-
Short Term Borrowings - Secured	5,107,594,755	3,319,936,591	1,787,658,164	-	-

It is not expected that the cash flows on the maturity analysis could occur significantly earlier, or at significant different amount.

38.5 MARKET RISK

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

(i) Currency Risk

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

Notes to the Financial Statements
for the Year ended 30th June, 2019

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and other currencies. Currently, the Company's foreign exchange risk exposure is restricted to bank balances and amounts receivables/ payables from / to the foreign entities. The Company exposure to currency risk was as follows:

	2019 USD	2018 USD	2019 RUPEES	2018 RUPEES
Financial Assets				
Trade Receivables	8,821,790	12,894,310	1,451,184,517	1,498,091,921
Financial Liabilities				
Contract liabilities	(89,198)	(134,386)	(9,395,867)	(14,268,720)
Net Exposure	8,732,592	12,759,924	1,441,788,650	1,483,823,201

The following significant exchange rates have been applied:

	AVERAGE RATE		REPORTING RATE	
	2019	2018	2019	2018
USD to PKR	134.92	111.18	164.50	121.60

Sensitivity Analysis:
At reporting date, if the PKR had strengthened by 10% (2018: 10%) against the foreign currencies with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors and outstanding letter of credits.

	2019 RUPEES	2018 RUPEES
Effect on Profit and Loss		
Trade Receivables	145,118,452	149,809,192
Trade and Other Payables	(939,587)	(1,426,872)
Short Term Borrowings	(104,229,256)	(209,717,442)
Net Exposure	39,949,609	(61,335,122)

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on Profit / (Loss) for the year and assets / liabilities of the Company.

(ii) Price Risk
Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company actively monitors the key factors that affect stock price movement.

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for the Year ended 30th June, 2019

	2019	2018
Reporting date all index points	33901.58	30582.91

		Changes in KSE all Index	Effects on Profit Before Tax	Effects on Other Comprehensive Income
			(Rupees)	
Fair Value through OCI				
	2019	+10%	-	1,281,599
		-10%	-	(1,281,599)
	2018	+10%	-	1,266,815
		-10%	-	(1,266,815)
Fair Value through Profit or Loss				
	2019	+10%	35,020	-
		-10%	(35,020)	-
	2018	+10%	47,480	-
		-10%	(47,480)	-

(iii) Interest Rate Risk

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

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing, short term borrowings and liabilities against assets subject to finance lease. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company’s interest bearing financial instruments was:

Financial Liabilities	EFFECTIVE PERCENTAGE 2019	EFFECTIVE PERCENTAGE 2018	CARRYING AMOUNT 2019 RUPEES	CARRYING AMOUNT 2018 RUPEES
Fixed Rate Instruments				
Long Term Financing	5	5 - 12.70	4,731,214	14,702,608
Variable Rate Instruments				
Long Term Financing	8.93 - 13.34	8.11 - 8.65	2,455,215,781	307,995,380
Short Term Borrowings - secured	8.43 - 13.34	2 - 9.03	3,504,955,915	5,107,594,755

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

Notes to the Financial Statements
for the Year ended 30th June, 2019

		Changes in Interest Rate	Effects on Profit before Tax
			(Rupees)
Bank balances - deposit accounts			
	2019	+1.50	3,759,681
		-1.50	(3,759,681)
	2018	+1.50	2,212,818
		-1.50	(2,212,818)
Long term financing			
	2019	+2.00	(49,104,316)
		-2.00	49,104,316
	2018	+2.00	(6,159,908)
		-2.00	6,159,908
Finance Lease Liabilities			
	2019	+2.00	(532,977)
		-2.00	532,977
	2018	+2.00	(369,882)
		-2.00	369,882
Short term borrowings - secured			
	2019	+2.00	(70,099,118)
		-2.00	70,099,118
	2018	+2.00	(102,151,895)
		-2.00	102,151,895

38.6 OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

Notes to the Financial Statements
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39 CAPITAL RISK MANAGEMENT

The Board of Directors' policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio - calculated as a ratio of total debt to capital employed.

	2019 RUPEES	2018 RUPEES
The gearing ratio of the Company as on the financial position sheet date was as follows:		
External Borrowings	5,964,902,910	5,430,292,743
Loan from Director	51,652,562	51,652,562
Total Debt	6,016,555,472	5,481,945,305
Total Equity including Revaluation Surplus	4,280,016,852	4,971,522,666
Total Capital Employed	10,296,572,324	10,453,467,971
Gearing Ratio	58.43%	52.44%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, commonly imposed by the providers of debt finance.

40 SEGMENT REPORTING

40.1 REPORTABLE SEGMENTS

The Company's reportable segments are as follows:

- Spinning segment - production of different quality of yarn using natural and artificial fibbers
- Weaving segment - production of different quality of grey fabric using yarn

40.2 SEGMENTS REVENUE AND RESULTS

Follows is an analysis of the Company's revenue and results by reportable segments:

	SPINNING	WEAVING	ELIMINATION OF INTER SEGMENT TRANSACTIONS	TOTAL
	RUPEES			
For the year ended 30 June 2019				
Sales	7,599,716,984	3,436,734,436	1,415,037,976	12,451,489,396
Cost of Sales	(7,430,207,518)	(3,582,713,239)	(1,415,037,976)	(12,427,958,733)
Gross Profit	169,509,466	(145,978,803)	-	23,530,663
Allocated Income and Expenses:				
Distribution Cost	(131,084,365)	(76,832,823)	-	(207,917,188)
Administrative Expenses	(231,574,096)	(45,890,880)	-	(277,464,976)
Other Operating Income	343,098,639	163,502,700		506,601,339
	(19,559,822)	40,778,997	-	21,219,175
Profit before tax and unallocated expenses	149,949,644	(105,199,806)	-	44,749,838
Unallocated Expenses:				
Other operating expenses				(124,600)
Finance cost				(595,452,074)
Taxation				(148,197,288)
				(743,773,962)
Loss after Taxation				(699,024,124)

Notes to the Financial Statements
for the Year ended 30th June, 2019

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3 to the financial statements. Administrative and General expenses are apportioned on the basis of actual expenses incurred for the segments. Finance cost relating to long term loan is also allocated on the basis of purpose of loan for which it is obtained. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

	2019 RUPEES	2018 RUPEES
40.3 GROSS REVENUE FROM MAJOR PRODUCTS AND SERVICES		
Yarn Export Sale	4,560,802,327	6,149,660,044
Fabric Export Sale	2,044,729,305	1,438,872,043
Waste Export Sale	-	27,605,679
Yarn Local Sale	4,292,148,273	3,386,842,179
Fabric Local Sale	1,382,385,938	1,674,636,214
Waste Local Sale	171,423,553	100,986,438
	12,451,489,396	12,778,602,597
	-	-

40.4 GEOGRAPHICAL INFORMATION

(a) The Company's gross revenue percentage from external customers by geographical location is detailed be

Domestic	48.20	52.13
Asia	42.88	41.32
Europe	5.16	5.75
America	3.05	0.34
Africa	0.71	0.47
	100	100

(b) All non-current assets of the Company as at 30 June 2019 are located and operating in Pakistan.

40.5 SEGMENT ASSETS AND LIABILITIES

(a) Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

For the year ended 30 June 2019	**SPINNING**	**WEAVING**	**TOTAL**
	RUPEES		
Total assets for reportable segments	9,235,177,374	2,547,323,407	11,782,500,781
Unallocated assets:			
Cash and bank balances			350,568,064
Other Corporate assets			49,952,970
Total assets as per consolidated balance sheet			12,183,021,815
Total liabilities for reportable segments	9,566,077,498	2,349,059,040	11,915,136,538
Unallocated liabilities:			
Other Corporate liabilities			267,885,277
Total liabilities as per consolidated balance sheet			12,183,021,815

(b) For the purpose of monitoring segment performance and allocating resources between segment operating property, plant and equipment is allocated to reportable segments and all other assets are held under unallocated corporate assets; and

long term loan is allocated to reportable segment and all other liabilities i.e. surplus on revaluation of fixed assets, deferred liabilities, trade and other payables, short term borrowings and accrued mark up are held under allocated corporate liabilities.

Notes to the Financial Statements
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	2019	2018
41 NUMBER OF EMPLOYEES		
Number of Employees including Contractual Employees at end of the Year	2,181	2,199
Average Number of Employees including Contractual Employees during the Year	2,106	2,123
Number of Employees of Factory including Contractual Employees at end of the Year	1,946	2,001
Average Number of Employees of Factory including Contractual Employees during the Year	1,860	1,926

42 PLANT CAPACITY AND ACTUAL PRODUCTION

Ring Spinning Sections		
Owned Capacity		
Number of Spindles Installed	75,360	75,360
Number of Spindle Shifts Worked	3	3
Installed Capacity at 20/S Count (Kgs) 365 Days	27,605,148	27,605,148
Actual Production of All Counts (Kgs)	29,655,210	35,631,790
Actual Production Converted into 20/S Count (Kgs)	21,528,565	22,319,096
Leased Capacity		
Number of Spindles Installed	17,280	17,280
Number of Spindle Shifts Worked	3	3
Capacity at 20/S Count (Kgs) 365 Days	6,329,843	6,329,843
Actual Production of All Counts (Kgs)	-	-
Actual Production Converted into 20/S Count (Kgs)	-	-
Weaving Section		
Owned Capacity		
Number of Looms Installed	130	130
Number of Looms Shifts Worked	3	3
Capacity at 50 picks/inch (Meters) - 365 days	31,287,622	31,287,622
Actual Production of All picks/inch	22,316,461	21,788,233
Actual Production Converted into 50 picks/inch	27,613,614	26,378,709
Leased Capacity		
Number of Looms Installed	80	80
Number of Looms Worked	None	None
Capacity at 50 picks/inch (Meters) - 365 days	17,466,585	17,466,585
Actual Production	-	-

It is difficult to describe precisely the production capacity in Spinning/Weaving Mills since it fluctuates widely depend on various factors such as count of yarn spun, spindles speed, twist and raw materials used, etc. It also varies according to the pattern of production adopted in a particular Year. The reason for under utilization of available capacity is attributable to normal Repair and Maintenance, Power failures and count changes.

Notes to the Financial Statements
for the Year ended 30th June, 2019

43 **CORRESPONDING FIGURES** of the previous year have been re-grouped/re-arranged, for the purposes of comparison as follows:

NATURE	FROM	TO	REASON	2018 RUPEES
Accrued Interest and Mark-up	Face of Statement of Financial Position	Trade and Other Payables	Statutory Compliance	74,115,017
Other Receivables	Face of Statement of Financial Position	Trade and Other Receivables	Statutory Compliance	482,358,311
Security Deposits	Trade Deposit and Short Term Prepayments	Prepayments and Advances	Statutory Compliance	2,257,350
Prepayments	Trade Deposit and Short Term Prepayments	Prepayments and Advances	Statutory Compliance	293,529
Exchange Gain on Realization of Foreign Debtors	Sales	Other Income	Statutory Compliance	136,441,812

44 **DATE OF AUTHORIZATION FOR ISSUE**

These Financial Statements have been authorized for issue by the Board of Directors of the Company on 20th January, 2020.

Sd/- **Sd/-**

DIRECTOR **CHIEF EXECUTIVE**