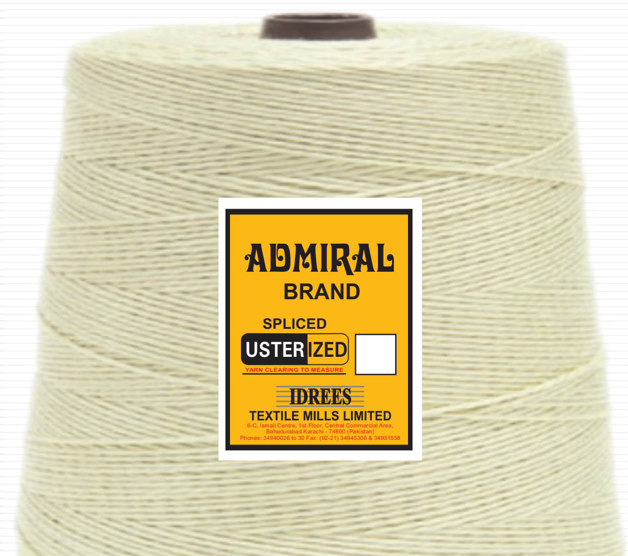
IDREES
TEXTILE MILLS LIMITED

Annual Report 2018



MISSION / VISION STATEMENT

- To concentrate on the changing Yarn/Fabric requirements with higher profitability, both in local as well as in the international market.

- Maximization of profit regardless of the turnover quantum, reducing the cost at all levels.

- Customer satisfaction is our priority and good return to the shareholders is our aim, while maintaining friendly and congenial environment for our employee.

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Idrees Allawala - Chairman
Mr. S. M. Mansoor Allawala - CEO
Mr. Kamran Idrees Allawala - Director
Mr. Naeem Idrees Allawala - Director
Mr. Omair Idrees Allawala - Director
Mr. Rizwan Idrees Allawala - Director
Mr. Muhammad Israil - Director
Mr. Muhammad Saeed - Director

AUDIT COMMITTEE

Mr. Muhammad Saeed - Chairman
Mr. Rizwan Idrees Allawala - Member
Mr. Muhammad Israil - Member
Syed Shahid Sultan - Secretary

COMPANY SECRETARY

Syed Shahid Sultan

CHIEF FINANCIAL OFFICER

Mr. Muhammad Jawaid

AUDITORS

M/s. Deloitte Yousuf Adil
Chartered Accountants

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Muhammad Saeed - Chairman
Mr. Kamran Idrees Allawala - Member
Mr. Rizwan Idrees Allawala - Member

BANKERS

National Bank of Pakistan
Bank Alfalah Limited
Habib Metropolitan Bank Ltd.
Soneri Bank Limited
Silk Bank Ltd.
Meezan Bank Ltd.
Bank of Punjab Ltd.
BankIslami Pakistan Ltd.
MCB Islamic Bank Ltd.
Dubai Islamic Bank Pakistan Ltd.
J.S Bank Ltd.

REGISTERED OFFICE

6-C, Ismail Centre, 1st Floor,
Central Commercial Area,
Bahadurabad,
Karachi - 74800.

SHARES REGISTRAR

M/S. NI Associates (Pvt) Ltd.

MILLS

Kot Shah Mohammad,
Tehsil Nankana,
District Nankana,
Punjab.
www.idreestextile.com

NOTICE OF THE MEETING

Notice is hereby given that the 29th Annual General Meeting of the Shareholders of Idrees Textile Mills Ltd. will be held on Saturday, October 27, 2018 at 06.30 pm at Sadabahar, 53 Kokan Society, Alamgir Road/Hyder Ali Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on October 28, 2017.

2. To receive, consider and adopt Reports of Directors and Auditors together with Audited financial statements of the Company for the year ended June 30, 2018.

3. To appoint Auditors for the year ending June 30, 2019 and fix their remuneration. The retiring auditors M/s Deloitte Yousuf Adil, Chartered Accountants, being eligible, offer themselves for re-appointment.

5. To consider and if thought fit, to pass the following resolution as an ordinary resolution:
   “Resolved

   a. that the issuance of 10% fully paid bonus shares be approved as recommended by the Board i.e. in proportion of one(1) share for every ten (10) ordinary shares held by the members whose names appear in the Members’ Register as at the close of business on October 23, 2018 by capitalization of a sum of Rs.18,048,000/- out of the free reserves of the Company for issue of 1,804,000 ordinary shares of Rs. 10 each,.

   b. That these bonus shares, shall rank pari passu in all respects with the existing shares of the Company but shall not be eligible for the dividend decalared for the year ended June 30, 2018.

   c. That in the event of any member holding shares which are not an exact multiple of his / her entitlement, the Directors of the Company be and are hereby authorized to sell such fractions in the Stock Market and pay the net proceeds of sale to a charitable institution as approved by the Directors.

   d. That the Chief Executive and Company Secretary be and are hereby jointly and / or severally authorized to give effect to these resolutions and to do and cause to done all acts and deeds that may be necessary or required for issue, allotment and distribution of the said bonus shares and sale of the fractions”

6. To transact any other business that may be placed before the meeting with the permission of the Chair

By order of the Board

Karachi
Dated : October 03, 2018

SYED SHAHID SULTAN
Company Secretary

Notes:

(i) Shareholders are advised to promptly notify any change in their addresses.

(ii) Share Transfer Books of the Company will remain closed from October 24, 2018 to November 01, 2018 (both days inclusive).

(iii) A member eligible to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend, and vote for him/her.

(vi) An instrument of proxy under which it is signed, in order to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

(v) Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original CNIC along with account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders the guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan shall be followed.

(vi) Members who have not yet submitted photocopies of their CNIC and NTN certificate to the Company's Registrar, are requested to send the same at the earliest.

(vii) Member can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding the Annual General Meeting. If the Company receive consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference, the Company will arrange video conference facility in the city subject to availability such facility in that city.

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

I/We __________________ of __________________, being a member of the Idrees Textile Mills Ltd. holder of ____________ Ordinary Share(s) as per Register CDC/Folio no. __________ hereby opt for video conference facility at _________________.

(ix) Pursuant to SECP Companies (E-voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment Executive Officer by the intermediary as Proxy.

(x) Members are requested to provide their International Banking Account Number (IBAN) together with a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission all future dividend payments may be withheld.

The Directors of your Company are pleased to present the audited financial statements for the year ended June 30, 2018.

FINANCIAL AND OPERATIONAL OVERVIEW

The principal activity of the Company is manufacturing, processing and sale of yarn and fabric. During the year under review, there has not been any material change in the Company's business activities.

During the financial year 2017-18, the Company's turnover amounted to Rs. 2,881.1 million as compared to Rs. 2,438.1 million last year. Gross profit amounted to Rs. 237.3 million compared to Rs.286.6 million for the last year and profit after tax amounted to Rs. 78.4 million against Rs. 87.3 million in the comparable period

Despite the challenges, your Company's management has been able to double the volume of exports which amounted to Rs. 666.3 million during FY18 from Rs. 338 million in FY17. Cost of doing business continues to encumber the textile industry which keeps on struggling for competitiveness against other regional exporters. Re-gasified Liquefied Natural Gas (RLNG) tariff has gradually risen to such an extent that it has surpassed the cost of electricity being supplied by WAPDA. When the government decided to supply RLNG to the industry for generation of electricity by captive power plants, it was publicised as an incentive to the textile sector. In not distant past, the cost of producing electricity by using RLNG was lower than WAPDA's electricity tariff. But now it is the other way round. The benefit that was made available to the industry for reduction in the cost of production has ceased to exist. The government has to prioritise uninterrupted and affordable availability of gas and electricity to the textile sector. Owing to increase in Policy Rate by SBP, cost of credit is also on the rise which is an unfavourable factor for business. Moreover, pending claims for duty drawback, sales tax refunds, technology upgradation support, etc. aggravate cash flows of the textile chain. This issue should be aptly resolved by the Federal Board of Revenue, the Ministry of Textile and the Ministry of Finance.

EARNINGS PER SHARE

The earnings per share for the year under review worked out to Rs. 4.34 as compared to Rs. 4.84 for the corresponding year.

DIVIDEND

The directors of the Company are pleased to recommend issue of fully paid bonus shares @ 10%, i.e., one (1) ordinary share of Rs. 10/- each for every ten (10) ordinary shares held (2017: 5%, i.e., Re. 0.50 cash dividend on each share).

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

(a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

(b) Proper books of account of the Company have been maintained.

(c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgement.

(d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.

(e) The Board understands its responsibility to ensure that adequate and effective internal financial controls are in place. The internal audit department regularly reviews the design and effectiveness of the controls and corrective action is taken to address the weakness, if found. We believe that the system of internal control is sound in design and has been effectively implemented.

(f) There are no significant doubts upon the Company's ability to continue as a going concern.

(g) There has been no material departure from the best practices of corporate governance, as detailed in the regulation of PSX rule book.

(h) The book value of investments made by the Employees' Provident Fund, being operated for head office employees only, as per audited financial statements of the Fund as at June 30, 2017 was Rs. 19,053,398 (2016: Rs. 15,657,680).

Mills employees are entitled to gratuity as per law and appropriate provision has been made in the financial statements.

(i) As required by the Code, we have included the following information in this report:

- Statement of Pattern of Shareholding.
- Statement of Shares held by associated undertaking and related parties.
- Key operating and financial statistics for last six years.

(j) During the year under review, nine Board of Directors, six Audit Committee and one Human Resource & Remuneration Committee (HR & RC) meetings were held and attended as follows:

Name of Director	Board of Directors	Audit Committee	HR & RC
Mr. S. M. Idrees Allawala	09	N/A	N/A
Mr. S. M. Mansoor Allawala	08	N/A	N/A
Mr. Kamran Idrees Allawala	09	06	01
Mr. Naeem Idrees Allawala	07	N/A	N/A
Mr. Rizwan Idrees Allawala	09	06	01
Mr. Omair Idrees Allawala	08	N/A	N/A
Mr. Muhammad Israil	09	06	N/A
Mr. Muhammad Saeed	09	06	01

(k) During the year under review, there has been no trading in shares of the Company by the CE, Directors and their Spouses.

(l) We have an audit committee the members of which are from the board of directors and the chairman is an independent director.

(m) We have prepared and circulated a statement of ethics and business strategy amongst directors and employees.

(n) The board has adopted a mission statement and a statement of overall corporate strategy.

CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance have been adopted by the Company and have been duly complied with, except that the Company filed the application with SECP to determine the suitability of CFO and Head of Internal Audit subsequent to the year end. Composition of Board of Directors, Committees and remuneration policy of non-executive/independent directors was not included in March 2018 report. We have immediately taken steps to address the said shortcoming as we consider utmost compliance of COCG as a core component of our policy. The statement of Compliance with the Code of Corporate Governance is annexed with this report.

Composition of the Board of Directors is as follows:

Description	Number of Directors
a) Male	8
b) Female	0

Composition

- Independent Director 1

- Non-Executive Directors 4
- Executive Directors 3

SIGNIFICANT FEATURE OF REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

Non-executive and independent directors are entitled only to a fee for attending Company meetings.

BOARD EVALUATION

As required by the Code of Corporate Governance Regulations 2017, the Board has developed an appropriate mechanism for evaluation of performance of the Board of Directors. During the year under review, a c omprehensive questionnaire was circulated to all the Directors.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Being a good corporate citizen is of great value to the Company and we strongly believe in patriotism and in contributing for the welfare of the under privileged people in our society. We support various organizations in the country that are serving the mankind in the education and healthcare sectors. The management also ensures that good practices are maintained with respect to health, safety and environment at the workplace. We also encourage our employees to dedicate their time to these activities.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial risk

The Board is fully cognizant of its responsibility for establishment and oversight of the Company's financial risk management. To assist the Board in discharging its oversight responsibility, management has been mad e responsible for identifying, monitoring and managing the Company's financial risk exposures, arising from its use of financial instruments, like credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach t o managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements.

Market risk

Market risk is the risk that changes in market prices, such as share price, foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term borrowings, liabilities against assets subject to finance lease, other financial assets and bank balances in saving account.

AUDITORS

The retiring Auditors M/s. Deloitte Yousuf Adil, Chartered Accountants being eligible have offered themselves for re- appointment for the ensuing year 2018-19. The audit committee in its meeting held on October 02, 2018 has recommended the appointment of the retiring auditors.

FUTURE OUTLOOK

Subsequent to the year end, the State Bank of Pakistan has increased the Policy Rate twice, which now stands at 8.50 percent. This will significantly increase the cost of credit. To improve cash flows of the textile chain, pending duty drawback claims, sales tax refunds, technology upgradation support, etc. should be cleared by the concerned quarters. The price of cotton is also showing an upward trend. Unless yarn prices rise accordingly, the profit margin is likely to remain under pressure.

Due to escalating cost of doing business, there is dearth of new investment in the textile sector. Since the sector is a major contributor of jobs, exports and revenue to the exchequer, a special tariff for its energy requirement should be announced to reduce the production cost. Unarguably, export driven growth is imperative for reducing current account deficit and attracting local and foreign direct investment. The decision of buying natural gas from Russia is a good step to reduce the gap between demand and supply of energy. Due to cross subsidy and theft in the distribution system, the industrial tariff is too high when compared to the tariff being charged in other regional countries. By controlling these factors, electricity may be provided to the industry @ Rs. 7 per unit. We also need to globally promote Pakistan as an environment friendly manufacturer aiming to increase our market share.

Use of RLNG for power generation has also contributed to increase in production cost of the textile industry. Operating power plants on imported LNG is not sustainable. Its price was lower in the recent past mainly because of decline in crude oil price. However, with the increase in oil price and devaluation of Pak Rupee, RLNG price has skyrocketed. Moreover, in the event of going for IMF loan program, it would most likely require the government to implement reforms linked to reduction of subsidies, reform of the power sector, increase in the tax base, privatization of state-owned entities and reduction in government expenditure. Compounded with higher interest rates, we may see a slowdown in GDP growth. Economic policy-making by the new government, however, is expected to remain stable with the continuation of the China Pakistan Economic Corridor (CPEC) as this initiative has had all round political support from its very start. Inclusion of Saudi Arabia in CPEC will augment its momentum and its planned benefits may soon start flowing to the people of our country. Other pertinent areas, that require government's due attention, include; (a) management of circular debt; (b) minimizing the use of furnace oil for power generation; (c) expediting hydel power plants instead of thermal plants to reduce cost per unit and to ensure cleaner environment; (d) carrying out media campaigns to highlight the importance of energy conservation; and (e) zero rating of imported viscose fiber to make it viable.

To overcome the challenges, your Company's management keeps on working to control costs and increase productivity. In FY18, we have been able to double the Company's export sales and in the event of improvement in the demand of yarn in the Chinese market, we shall be able to further increase the volume of exports.

ACKNOWLEDGEMENT

The directors are thankful to the bankers, suppliers and customers of the Company for their continued support and appreciate the hard work by the employees of the Company.
Karachi.

October 03, 2018
Karachi

NAEEM IDREES ALLAWALA
Director

S. M. MANSOOR ALLAWALA
Chief Executive

I feel pleasure in presenting a review of your Company and its Board of Directors for the year ended 30th June 2018.

The Directors of your Company are well conversant with their responsibilities, under the applicable regulations, for governance of the Company in an effective and efficient manner. Evaluation of the Board of Directors, that is required under Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations), is aimed to measure the Board's overall performance and conduct of the Company's affairs in accordance with the best practices of corporate governance. For the year under review, based on the evaluation, the overall performance and effectiveness of the Board has been assessed as Satisfactory. During the financial year 2017-18, nine Board meetings were convened. The Board has duly formulated a vision and mission statement, is actively involved in formulation of appropriate policies and procedures and ensures due compliance with all the regulatory requirements. It closely monitors the performance of its sub-committees and is committed to uphold ethical behavior, development of skillful resources, product quality, good governance and stable operations. During the year, the board considered and approved, among other things, quarterly and annual financial statements, appointment of external auditors, distribution of dividend and financing matters.

The persistent issues of the spinning sector such as high energy cost, levy of duties and taxes on import of raw material, pending tax refunds, duty drawback claims, technology upgradation support and rising interest rates remain unattended by the government. Despite these challenges, your Company has been able to double its export sales during the year under review as compared to the previous year. The progress on power and other infrastructure projects, planned under the framework of 'China-Pakistan Economic Corridor' (CPEC), gives me a sense of high optimism as these projects are expected to immensely benefit the country's ailing economy in the foreseeable future. It is also heartening to see that the new government is fully committed to CPEC and that it has also invited Saudi Arabia to join the project. The decision of buying natural gas from Russia is also a good step to reduce the gap between demand and supply of energy.

I would like to take this opportunity to convey the Board's due recognition and appreciation of the services rendered by the Company's employees. We are also grateful for the trust and support of the shareholders, customers, suppliers and bankers.

Muhammad Idrees Allawala
Chairman of the Board

Karachi
October 03, 2018

	2013	2014	2015	2016	2017	2018
Sales	2,242,355,182	2,901,068,553	2,306,871,955	1,586,062,979	2,438,055,611	2,881,059,482
Cost of goods sold	(1,997,815,097)	(2,687,542,978)	(2,114,097,785)	(1,463,856,118)	(2,151,420,060)	(2,643,744,807)
Gross Profit	244,540,085	213,525,575	192,774,170	122,206,861	286,635,551	237,314,675
Other operating Income/loss	3,156,568	8,772,603	3,590,645	30,329,587	6,416,456	35,358,695
	247,696,653	222,298,178	196,364,815	152,536,448	293,052,007	272,673,370
Distribution Cost	(8,206,345)	(17,520,357)	(22,100,541)	(11,538,415)	(8,170,378)	(15,241,548)
Administration expenses	(46,294,576)	(65,360,402)	(64,211,617)	(61,391,867)	(62,913,405)	(68,988,440)
Other operating expenses	(22,832,524)	(7,725,995)	(15,491,593)	(17,508,701)	(16,467,315)	(16,520,530)
Finance cost	(91,103,014)	(106,021,261)	(94,073,566)	(97,348,847)	(96,819,649)	(113,629,274)
	(168,436,459)	(196,628,015)	(195,877,317)	(187,787,830)	(184,370,747)	(214,379,792)
Profit/(Loss) before taxation	79,260,194	25,670,163	487,498	(35,251,382)	108,681,260	58,293,578
Taxation	(17,712,110)	5,634,909	4,680,745	23,649,372	(21,394,127)	20,111,096
Profit/(Loss) after taxation	61,548,084	31,305,072	5,168,243	(11,602,010)	87,287,133	78,404,674
Other Comprehensive income for the year	-	65,152	485,406	2,967,482	(1,923,714)	33,776,110
Total comprehensive income for the year	**61,548,084**	**31,370,224**	**5,653,649**	**(8,634,528)**	**85,363,419**	**112,180,784**
Earning/(Loss) per shares	**3.41**	**1.73**	**0.29**	**(0.64)**	**4.84**	**4.34**

Name of Company: **IDREES TEXTILE MILLS LIMITED**
Year Ended: **JUNE 30, 2018**

Idrees Textile Mills Limited (the Company) has complied with the requirements of the Regulations in the following manner:

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

   a) Male: 8
   b) Female: NIL

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

Category	Names
Independent Director	Mr. Muhammad Saeed
Executive Directors	Mr. S. M. Mansoor Allawala Mr. Naeem Idrees Allawala Mr. Omair Idrees Allawala
Other Non-executive Directors	Mr. Muhammad Idrees Allawala Mr.Kamran Idrees Allawala Mr. Rizwan Idrees Allawala Mr. Muhammad Israil

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including the Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

10. During the year, the Board has not arranged any Directors' Training Program (DTP) for its directors. Two directors have completed DTP in the previous years. The remaining directors will either apply to the Securities and Exchange Commission of Pakistan (the SECP) for an exemption or obtain certification of DTP prior to the expiry of required timeline.

11. No new appointment of Chief Financial Officer (CFO), Company Secretary or Head of Internal Audit (HoIA) has been made during the year.

12. CFO and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the Board.

13. The Board has formed committees comprising of members given below:

Committee	Name of Members and Chairman
a) Audit Committee	Mr. Muhammad Saeed (Chairman) Mr. Rizwan Idrees Allawala Mr. Muhammad Israil
HR and Remuneration Committee	Mr. Muhammad Saeed (Chairman) Mr. Kamran Idrees Allawala Mr. Rizwan Idrees Allawala

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

15. The frequency of meetings of the above committees were as per following:

Committee	Frequency of Meetings
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	As on need basis (atleast annually)

16. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

19. We confirm that all other requirements of the Regulations have been complied with except for the matters noted below:

    i. The Company has not filed any application to the SECP to determine the suitability of CFO and HoIA as per the requirements of regulations 23 (c) and 24 (c). Subsequent to the year end, the Company has filed the required application to the SECP; and

ii. The Company has not included in their director's report for the period ended March 31, 2018 the total number of male and female directors, compositions of the directors into independent director, executive directors and other non-executive directors, names of members of Board committees and remuneration policy of non executive directors including independent directors, as approved by the Board (non-compliance of regulations 36, 37 and 38).

For and on behalf of the Board

S.M. MANSOOR ALLAWALA
CHIEF EXECUTIVE

MUHAMMAD IDREES ALLAWALA
CHAIRMAN

Dated: October 03, 2018

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors (the Board) of **Idrees Textile Mills Limited** (the Company) for the year ended June 30, 2018 in accordance with the requirements ofRegulation 40 of the Regulations.

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

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

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

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

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

Paragraph reference	**Description**
a) Paragraph 18 (i)	The Company has not filed any application to the SECP to determine the suitability of Chief Financial Officer and Head of Internal Audit as per the requirements of regulations 23 (c) and 24 (c);
b) Paragraph 18 (ii)	The Company has not included in their director's report for the period ended March 31, 2018 the total number of male and female directors, compositions of the directors into independent director, executive directors and other non-executive directors, names of members of Board committees and remuneration policy of non-executive directors including independent directors, as approved by the Board.

Deloitte Yousuf Adil

Chartered Accountants

Date: October 03, 2018
Place: Karachi

Report on Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Idrees Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, 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 conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Change in accounting policy as a result of changes in the Companies Act, 2017** As referred to in note 2.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018,	Our audit procedures included the following: • Obtained workings for retrospective accounting of surplus on revaluation of property, plant and equipment;

S. No.	Key audit matters	How the matter was addressed in our audit
	due to which the Company has changed its accounting policy to account for surplus on revaluation of property, plant and equipment (refer note 3.5.3) with retrospective effect. Previously, surplus on revaluation was presented in the financial statements below the equity and changes in surplus was taken directly to equity. Due to change in accounting policy, surplus on revaluation will be part of the equity and revaluation changes will be taken through other comprehensive income. We have considered the above as a Key Audit Matter due to the significant amount of surplus on revaluation of property, plant and equipment, the complexity involved in the calculations for retrospective application and compliance with the disclosure requirements of IAS 8 – Accounting Policies and Changes in Accounting Estimates and Errors.	• Re-performed the calculations based on the working and valuation reports of the respective years. • Reviewed that values of property, plant and equipment, surplus on revaluation of property, plant and equipment and gain / loss on assets disposed-off have been properly restated in the financial statements; and Assessed that the change in accounting policy has been properly disclosed by the management in the financial statements of the Company in accordance with IAS-8.
2	**Revenue Recognition** Revenue recognition policy has been explained in notes 3.18, and the related amount of revenue recognized during the year is disclosed in note 24 to the financial statements. The Company generates revenue from sale of goods to domestic as well as export customers. Revenue from the local and export sales is recognized when significant risks and rewards of ownership are transferred to the customerwhich is normally when the goods are dispatched to the customer. We identified revenue recognition as key audit matter since it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on transfer of risk and rewards to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • obtained understanding and performed testing on design and implementation and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period and based on dispatch of goods to customers and in case of exports on the date of bill of lading; • assessed appropriateness of the Company's accounting policy for revenue recognition in light of applicable accounting and reporting standards; and • checked, on a sample basis, specific local and export sale transactions with underlying documentation to assess whether revenue has been recognized in the correct accounting period; and checked on a sample basis whether the recorded local and export sales transactions were based on actual dispatch of goods substantiated by supporting documents; and. • Tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents and by checking significant credit notes issued after year-end.

InformationOther than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual reportbut 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.

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

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

In preparing the financial statements, 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.

The Board of directors (the Board) 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 inc ludes 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 judgement 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 omission, 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 evidenced 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 represen t the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

Deloitte Yousuf Adil

Chartered Accountants

Date: October 03, 2018
Place: Karachi

	Note	2018 Rupees	Restated 2017 Rupees	Restated 2016 Rupees
EQUITY AND LIABILITIES				
Share capital	4	180,480,000	180,480,000	180,480,000
Capital reserve				
Surplus on revaluation of property, plant and equipment - net of tax	5	587,175,174	591,088,750	633,801,984
Revenue reserve				
Unappropriated profit		722,602,891	615,532,531	487,455,878
		1,490,258,065	1,387,101,281	1,301,737,862
NON-CURRENT LIABILITIES				
Long-term finance				
Banking company	6	78,636,596	4,844,700	9,689,400
Related parties	7	-	82,917,355	75,379,415
		78,636,596	87,762,055	85,068,815
Liabilities against assets subject to finance lease	8	33,674,548	21,902,140	49,801,114
Deferred liabilities	9	213,757,446	287,080,522	279,704,517
		326,068,590	396,744,717	414,574,446
CURRENT LIABILITIES				
Trade and other payables	10	154,050,001	233,712,140	302,769,472
Interest / mark-up accrued	11	23,047,265	23,917,979	20,605,454
Short-term borrowings	12	1,593,140,347	1,008,768,874	880,745,622
Current portion of long-term finance				
-Banking company	6	22,907,972	6,459,600	6,459,600
-Related parties	7	91,209,091	-	-
liabilities against assets subject to finance lease	8	19,444,611	46,532,723	52,287,236
Unclaimed Dividend		2,424,885	2,207,582	3,380,903
Provision for taxation		25,318,858	22,527,473	16,312,378
		1,931,543,030	1,344,126,371	1,282,560,665
CONTINGENCIES AND COMMITMENTS	13			
		3,747,869,685	3,127,972,369	2,998,872,973

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

Chief Executive

Chief Financial Officer

	Note	2018 Rupees	Restated 2017 Rupees	Restated 2016 Rupees
NON-CURRENT ASSETS				
Property, plant and equipment	14	1,538,521,703	1,506,539,437	1,566,331,401
Long-term deposits	15	24,117,597	8,915,986	20,768,751
		1,562,639,300	1,515,455,423	1,587,100,152
CURRENT ASSETS				
Stores, spares and loose tools	16	37,512,448	41,885,773	35,181,990
Stock-in-trade	17	1,105,256,039	683,468,913	579,045,301
Trade debts	18	793,764,967	709,931,347	672,058,634
Loans and advances	19	91,084,275	49,576,151	42,046,643
Deposits and short-term prepayments	20	4,454,488	16,548,897	10,218,383
Other receivables	21	103,989,572	54,481,467	34,759,053
Other financial assets	22	46,746,710	40,550,710	36,050,710
Cash and bank balances	23	2,421,886	16,073,688	2,412,107
		2,185,230,385	1,612,516,946	1,411,772,821
		3,747,869,685	3,127,972,369	2,998,872,973

Director

	Note	2018 Rupees	Restated 2017 Rupees
Sales - net	24	2,881,059,482	2,438,055,611
Cost of sales	25	(2,643,744,807)	(2,151,420,060)
		237,314,675	286,635,551
Gross profit			
Distribution cost	26	(15,241,548)	(8,170,378)
Administrative expenses	27	(68,988,440)	(62,913,405)
		(84,229,988)	(71,083,783)
		153,084,687	215,551,768
Finance cost	28	(113,629,274)	(96,819,649)
Other operating expenses	29	(16,520,530)	(16,467,315)
		22,934,883	102,264,804
Other income	30	35,358,695	6,416,456
Profit before taxation		58,293,578	108,681,260
Taxation	31	20,111,096	(21,394,127)
Profit for the year		78,404,674	87,287,133
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate	5	32,411,015	(1,886,914)
Remeasurement of defined benefit obligation	9.2.6.	1,713,665	(49,360)
Related tax	9.1	(348,570)	12,560
		1,365,095	(36,800)
		33,776,110	(1,923,714)
Total comprehensive income for the year		112,180,784	85,363,419
Earnings per share - basic and diluted	32	4.34	4.84

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

Chief Executive | Chief Financial Officer | Director

	Note	2018 Rupees	Restated 2017 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		58,293,578	108,681,260
Adjustments for :			
Depreciation		80,162,096	80,957,837
Provision for staff gratuity		12,674,156	10,379,815
Finance cost		113,629,274	96,819,649
Provision for doubtful trade debts		2,423,911	-
Provision for slow moving stores, spares and loose tools		3,168,730	-
Unrealized gain on investments		(298,000)	-
(Gain) / loss on disposal of property, plant and equipment - net		(206,033)	3,141,668
Operating cash flows before working capital changes		269,847,712	299,980,229
Decrease / (increase) in current assets			
Stores, spares and loose tools		1,204,595	(6,703,783)
Stock-in-trade		(421,787,126)	(104,423,612)
Trade debts		(86,257,531)	(37,872,713)
Loans and advances		(32,749,641)	(4,087,882)
Deposits and short-term prepayments		12,094,409	(6,330,514)
Other receivables		(49,508,105)	(19,722,414)
Decrease in current liabilities			
Trade and other payables		(78,909,248)	(68,690,313)
Working capital changes		(655,912,647)	(247,831,231)
Cash generated from operations		(386,064,935)	52,148,998
Finance cost paid		(106,208,252)	(80,122,941)
Staff gratuity paid		(7,644,930)	(3,485,719)
Income tax paid		(31,185,085)	(20,429,482)
Long-term deposits - net		(15,201,611)	11,852,765
Net cash used in operating activities		(546,304,813)	(40,036,379)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(101,793,329)	(23,278,541)
Proceeds from disposal of property, plant and equipment		24,384,000	7,325,000
Other financial assets - net		(5,898,000)	(4,500,000)
Net cash used in investing activities		(83,307,329)	(20,453,541)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance repaid - net		-	(4,844,700)
Long-term finance obtained - net		90,240,268	-
Liabilities against assets subject to finance lease - net		(49,844,704)	(47,853,730)
Dividend paid		(8,806,697)	(1,173,321)
Net cash used in financing activities		31,588,867	(53,871,751)
Net decrease in cash and cash equivalents (A+B+C)		(598,023,275)	(114,361,671)
Cash and cash equivalents at the beginning of the year		(992,695,186)	(878,333,515)
Cash and cash equivalents at the end of the year	33	(1,590,718,461)	(992,695,186)

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

Chief Executive | Chief Financial Officer | Director

	Note	Share capital	Capital reserve: Surplus on revaluation of property, plant and equipment - net of tax	Revenue reserve: Unappropriated profit	Total
		---------------------- Rupees	----------------------	----------------------	----------------------
Balance as at July 1, 2016 - as previously reported		180,480,000	-	487,455,878	667,935,878
Impact of re-statement - note 3.5.3		-	633,801,984	-	633,801,984
Balance as at July 01, 2016 - as restated		180,480,000	633,801,984	487,455,878	1,301,737,862
Total comprehensive income for the year - restated					
Profit for the year		-	-	87,287,133	87,287,133
Other comprehensive income for the year - restated		-	(1,886,914)	(36,800)	(1,923,714)
		-	(1,886,914)	87,250,333	85,363,419
Transfer from surplus on revaluation of property, plant and equipment on account of					
- incremental depreciation charged thereon - net of tax	5	-	(38,329,354)	38,329,354	-
- disposal - net of tax	5	-	(2,496,966)	2,496,966	-
Balance as at June 30, 2017 - restated		180,480,000	591,088,750	615,532,531 *	1,387,101,281
Total comprehensive income for the year					
Profit for the year		-	-	78,404,674	78,404,674
Other comprehensive income for the year		-	32,411,015	1,365,095	33,776,110
		-	32,411,015	79,769,769	112,180,784
Transfer from surplus on revaluation of property, plant and equipment on account of					
- incremental depreciation charged thereon - net of tax	5	-	(33,071,249)	33,071,249	-
- disposals - net of tax	5	-	(3,253,342)	3,253,342	-
Transaction with owners recognized directly in equity					
Final cash dividend for the year ended June 30, 2017 @ Re. 0.5 per share		-	-	(9,024,000)	(9,024,000)
Balance as at June 30, 2018		180,480,000	587,175,174	722,602,891	1,490,258,065

* This includes unamortized portion of interest free loan obtained from related parties amounting to Rs. 9,120,910 (2017: Rs. 17,412,646), which is not avaiable for distribution.

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

Chief Executive | Chief Financial Officer | Director

1. STATUS AND NATURE OF BUSINESS

1.1 Idrees Textile Mills Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on June 5, 1990 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchage Limited. The registered office of the Company is situated at 6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad, Karachi in the Province of Sindh. The principal activity of the Company is manufacturing, processing and sale of fabrics and all kinds of yarn.

The geographical location and address of the Company's business units, including mill / plants, is as under:

Karachi	Purpose
6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad	Head Office

Nankana Sahib	Purpose
Kot Shah Muhammad, Tehsil & District Nankana Punjab	Regional Office and Production Plant / Factory

1.2 Summary of significant transactions and events occurred during the year

Following is the summary of significant transactions and events that have affected the financial position and performance of the Company:

- Acquisition of certain assets at Mill, Nankana Sahib (refer note 14.1)

- Obtained long-term finance and short-term borrowings during the year amounting to Rs. 90.240 million and Rs. 584.371 million (net of repayments) respectively (refer notes 6 and 12)

- Increase in production during the year by 3,937,358 kgs (refer note 37).

- Adoption of Companies Act, 2017 (refer note 2.1)

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provisions of and directives issued under the Act.

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

The Act was enacted on May 30, 2017, and came into force at once. Subsequently, the Securities and Exchange Commission of Pakistan (the SECP) notified through Circular no. 23 of 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, the Company has considered the requirements of the Act in the preparation of these financial statements.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property, plant and equipment as fully explained in note 3.5.3 of these financial statements and change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRSs disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (refer note 14.6), management assessment of sufficiency of tax provision in the financial statements (refer note 31.3), change in threshold for identification of executives (refer note 35), additional disclosure requirements for related parties (refer note 34) etc.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except that certain categories of property, plant and equipment are stated at revalued amounts and the Company's liability under defined benefit plan (gratuity) is stated at present value of defined benefit obligation.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of 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 result 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of the accounting and reporting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with significant risk of material judgment in the next financial year are set forth below:

- assumptions and estimates used in accounting for defined benefit plan (notes 3.1.1 and 9.2);
- assumptions and estimates used in determining revalued amounts of certain items of property, plant and equipment (notes 3.5 and 14.4);
- assumptions and estimates used in determining residual values, useful lives and recoverable amount of property, plant and equipment (notes 3.5, 3.15.2 and 14.1);
- assumptions and estimates used in determining provision for taxation including deferred taxation (notes 3.2, 9.1 and 31);
- assumptions and estimates used in determining the provision for slow moving stores and spares (notes 3.8 and 16.1);
- assumptions and estimates used in writing down items of stock-in-trade to their net realizable value (notes 3.9 and 17); and
- assumptions and estimates used in calculating the provision for impairment for trade debts (notes3.10, 3.15.1 and 18).

2.5 Amendments to published accounting standards that are effective in the current year

The following amendments to published accounting standards are effective for the year ended June 30,2018. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.
- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses

Certain annual improvements have also been made to a number of IFRSs.

The Companies Act, 2017 has also brought certain changes with regard to preparation and presentation of financial statements which have been disclosed in note 2.1 of these financial statements.

2.6 New accounting standards, amendments to published accounting standards and new IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them.

	Effective from accounting period beginning on or after
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
- IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9. An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after January 01, 2018.	July 01, 2018 or January 01, 2018.
- IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
- Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
- IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
- IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
- Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 1, 2019
- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018
- IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

The Company is currently evaluating the impact of application of IFRS 9 and IFRS 15 in its financial statements. Other than these standards, the above standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same, as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2017 except for the changes as disclosed in note 3.5.3. The accounting policies have been enumerated as follows:

3.1 Staff retirement benefits

3.1.1 Defined benefit plan

The Company operates an unfunded gratuity scheme covering all its factory workers who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and current service cost are recognized in the statement of profit or loss. The most recent valuation of the scheme was carried out as at June 30, 2018. Details of the scheme are given in note 9.2 of these financial statements.

3.1.2 Defined contribution plan

The Company operates an approved funded contributory provident fund scheme for all head office staff. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary per annum.

3.2 Taxation

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

3.2.1 Current tax

Provision for current taxation is based on the taxability of certain income streams of the Company under the Final Tax Regime at the applicable tax rates and the remaining income streams chargeable at current rate of taxation under the Normal Tax Regime after taking into account available tax credits and tax rebates, if any, or on turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalized during the year.

3.2.2 Deferred tax

Deferred tax is recognized using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits in the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Further, the Company also recognizes a deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

3.3 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.4 Markup bearing borrowings

Markup bearing borrowings are recognized initially at fair value, less attributable transaction cost. Subsequent to initial recognition, markup bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of borrowings on an effective interest basis.

3.5 Property, plant and equipment

3.5.1 Owned assets

Property, plant and equipment are stated as follows:

- Land is stated at revalued amount less impairment loss, if any;
- Building, labour colony, plant and machinery, electric installations and mill equipment are stated at revalued amounts less accumulated depreciation and impairment losses, if any; and
- Office equipment, furniture and fixtures and vehicles are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of an asset including borrowing costs, if any. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognized. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation is charged to the statement of profit or loss on a straight line basis at the rates specified in note 14.1. Depreciation on additions is charged from the month an asset is available for use upto the month prior to its disposal.

Depreciation methods, useful lives and residual values of each item of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed and adjusted, if appropriate at each reporting date.

Surplus on revaluation of assets is recognized in other comprehensive income (OCI) and presented as a separate component of equity as "surplus on revaluation of property, plant and equipment", except that it reverses a revaluation deficit for the same asset previously recognised in the statement of profit or loss, in which case the surplus is credited to the statement of profit or loss to the extent of the deficit charged previously. Deficit on revaluation of assets is recognized in the statement of profit or loss, except that it reverses a revaluation surplus for the same asset previously recognized in other comprehensive income, in which case the deficit is charged to other comprehensive income to the extent of the surplus credited previously. The revaluation reserve is not available for distribution to the Company's shareholders.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the estimated fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of assets (net of deferred taxation) is transferred directly to retained earnings (unappropriated profit). Further, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings (unappropriated profit).

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in other income / other expenses in the statement of profit or loss. When revalued assets are sold, any related amount included in the surplus on revaluation is transferred to retained earnings (unappropriated profit).

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any, and consists of expenditure incurred and advances made in respect of assets in the course of their acquisition, construction and installation. Transfers are made to relevant asset categories as and when assets are available for intended use.

3.5.2 Leased assets

Leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases and are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments. Other leases are classified as operating leases.

Plant and machinery acquired under finance lease is stated at revalued amounts less accumulated depreciation and impairment losses, if any. Vehicles acquired under finance lease are stated at cost less accumulated depreciation and impairment losses, if any. Assets acquired under finance lease are depreciated over the useful life of the assets commencing from the year in which the leased assets are put into operation. Depreciation and other policies are same as for the owned assets described above.

3.5.3 Change in accounting policy

As disclosed in note 2.1, during the year, the Company has considered the requirements of the Act in the preparation of these financial statements. Consequently, the Company has changed its accounting policy for surplus on revaluation of property, plant and equipment, in accordance with requirements of the accounting and reporting standards as applicable in Pakistan under the Act. Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance, 1984. Further, the surplus on revaluation of property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance, 1984.

The Act has not retained the above mentioned specific accounting and presentation requirements of the surplus on revaluation of property, plant and equipment. Consequently, this impacted the Company's accounting policy for surplus on revaluation of property, plant and equipment, and now the related accounting and presentation requirements set out in IFRS standards are being followed by the Company

The new accounting policy is explained under note 3.5.1, above. Further, the surplus on revaluation of property, plant and equipment is now presented in the statement of financial position and statement of changes in equity as a part of equity.

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

	As at June 30, 2017			As at June 30, 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	---------- Rupees ----------			---------- Rupees ----------		
Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment - net of tax	591,088,750	-	(591,088,750)	633,801,984	-	(633,801,984)
Capital reserves	-	591,088,750	591,088,750	-	633,801,984	633,801,984
Effect on statement of changes in equity						
Capital reserves	-	591,088,750	591,088,750	-	633,801,984	633,801,984
Effect on other comprehensive income						
Adjustment of surplus on revaluation of property,plant and equipment due to change in tax rate	-	(1,886,914)	(1,886,914)	-	-	-

3.6 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as liabilities against assets subject to finance lease. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's policy on borrowing costs.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

3.8 Stores, spares and loose tools

These are stated at lower of moving average cost and net realizable value, less allowance for obsolete and slow moving items (if any). Items in transit are stated at cost comprising invoice value plus other charges incurred thereon upto the reporting date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on the management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

3.9 Stock-in-trade

These are stated at lower of cost and net realizable value applying the following basis:
Cost signifies in relation to:

- Raw material	Weighted average cost
- Stock-in-transit	Cost accumulated up to balance sheet date
- Work-in-process and finished goods	Average manufacturing cost
- Waste	Net realizable value.

Average manufacturing cost in relation to work-in-process and finished goods signifies cost including a portion of related direct overheads.

Net realizable value (NRV) signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

3.10 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment 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 receivables. Trade debts and other receivables considered irrecoverable are written-off.

3.11 Investments

Investments that are classified as available for sale are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each reporting date.

Investments that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as "fair value through profit or loss - held-for-trading". Investments carried 'at fair value through profit or loss' are initially recognized at fair value and transaction costs are recognized in the statement of profit or loss. Subsequent to initial recognition, equity securities designated by the management as 'at fair value through profit or loss' are valued on the basis of closing quoted market prices available at the stock exchange. Net gains and losses arising from changes in the fair value of investments carried 'at fair value through profit or loss' are taken to the statements of profit or loss.

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

3.12 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand and balances with banks in current and deposit accounts. Short-term borrowings availed by the Company, which are payable on demand and form an integral part of the Company's cash management, are included as part of cash and cash equivalents for the purpose of the cash flow statement.

3.13 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provision of instruments. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets or liabilities is taken to the statement of profit or loss.

3.14 Offsetting of financial assets and financial liabilities

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

3.15 Impairment

3.15.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

3.15.2 Non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax asset, are reviewed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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 the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.16 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing on the reporting date.

Exchange differences are included in the statement of profit or loss currently.

3.17 Provisions

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

3.18 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

- Revenue from sales of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

- Revenue from export sales are recognized upon transfer of significant risks and rewards of ownership, which coincides with date of bill of lading.

- Interest income is recognized on a time-apportioned basis using the effective rate of return.

3.19 Dividend income

Dividend income is recognised when the Company's right to receive payment have been established and is recognized in statement of profit or loss and included in other income.

3.20 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriations to / from reserves is recognized in the period in which these are approved.

3.21 Earnings per share

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

4. SHARE CAPITAL

2018	2017		2018	2017
Number of shares			Rupees	Rupees
		Authorized		
22,000,000	22,000,000	Ordinary shares of Rs. 10/- each	220,000,000	220,000,000
		Issued, subscribed and paid-up		
18,048,000	18,048,000	Ordinary shares of Rs. 10/- each fully paid in cash	180,480,000	180,480,000

4.1 The Company has one class of ordinary shares which carry equal voting rights but no right to fixed income. Voting rights, board selection etc. are in proportion to their shareholding.

	Note	2018 Rupees	2017 Rupees
5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax			
As at July 1,		765,055,641	819,614,401
Less: transferred to unappropriated profit on account of:			
- incremental depreciation - net of tax		(33,071,249)	(38,329,354)
- related deferred tax liability		(11,289,916)	(12,892,554)
- disposals - net of tax		(3,253,342)	(2,496,966)
- related deferred tax liability		(1,110,631)	(839,886)
		(48,725,138)	(54,558,760)
As at June 30,		716,330,503	765,055,641
Less: related deferred tax liability on:			
Revaluation surplus as at July 1,		173,966,891	185,812,417
Adjustment due to change in tax rate	9.1	(32,411,015)	1,886,914
Incremental depreciation charged during the year		(11,289,916)	(12,892,554)
Assets disposed-off during the year		(1,110,631)	(839,886)
	9.1	129,155,329	173,966,891
		587,175,174	591,088,750

6. LONG-TERM FINANCE - Banking company - secured

	Note	2018 Rupees	2017 Rupees
Term finance	6.1 & 6.2	101,544,568	11,304,300
Less: current portion shown under current liabilities		(22,907,972)	(6,459,600)
		78,636,596	4,844,700

6.1 This represents long-term finance facility obtained by the Company for the purpose of retirement of LC opened to procure machinery. The facility carries markup at SBP LTFF Rate+ 1.5% per annum and is payable in 10 quarterly instalments within a period of 2.5 years. The loan is secured against first pari passu charge of Rs. 21.532 million (with 25% margin) over fixed assets including land, building, plant and machinery of the Company.

6.2 This represents long-term finance facilities obtained by the Company for the purpose of procurement of machinery. The facilities carry markup at KIBOR + 2.25% to 2.5% per annum and are payable in fixed monthly installments within a period of 5 years. The loan is secured against first exclusive charge over the assets (imported Gen set and Compact Spinning and locally purchased carding machines) with 25% margin.

	Note	2018 Rupees	2017 Rupees
7. LONG-TERM FINANCE - Related parties - unsecured			
Interest free loan	7.1	100,330,001	100,330,001
Less: present value adjustment		(9,120,910)	(17,412,646)
Less: current portion shown under current liabilities		(91,209,091)	-
		-	82,917,355

7.1 On June 04, 2015, the Company entered into agreements with various related parties (directors / shareholders and their closed family members) in their capacity as sponsors, whereby the repayment of the loan paid in previous years was deferred for a period of four years from the date of the agreement. The loans are interest free, unsecured and are repayable in full at the end of four-year period until further extended by mutual agreement. Using the discount rate of 10% per annum, the fair value of the loans was estimated at Rs. 68.045 million at June 30, 2015. The difference of Rs. 32.285 million between the gross proceeds and the fair value of the loan was recognized in equity through a transfer to unappropriated profit (the unamortized portions are not available for distribution). The interest (i.e., unwinding of the difference between present value on initial recognition and the amount received) is being recognized on the loan in the statement of profit or loss using the effective interest method.

	Note	2018 Rupees	2017 Rupees
8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments	8.1	53,119,159	68,434,863
Less: current portion shown under current liabilities		(19,444,611)	(46,532,723)
		33,674,548	21,902,140

8.1 These represent plant and machinery and vehicles acquired under finance leases (and musharaka arrangement) from leasing companies and financial institutions. Future minimum lease payments under lease together with the present value of the net minimum lease payments are as follows:

	2018			2017		
	Minimum lease payments	Finance cost	Present value	Minimum lease payments	Finance cost	Present value
	----------Rupees----------					
Not later than one year	22,759,318	3,314,707	19,444,611	49,225,329	2,692,606	46,532,723
Later than one year but not later than five years	35,070,619	1,396,071	33,674,548	23,224,624	1,322,484	21,902,140
Total minimum lease payments	57,829,937	4,710,778	53,119,159	72,449,953	4,015,090	68,434,863

The rates of mark-up ranges from 8.52% to 10.39% (2017: 8.53% to 9.65%) per annum and are used as discounting factor. The lease terms are upto 5 years. The Company intends to exercise its option to purchase the leased assets upon completion of the lease period. Liabilities are secured against leased assets, demand promissory notes and security deposits.

		Note	2018 Rupees	2017 Rupees
9.	**DEFERRED LIABILITIES**			
	Deferred taxation - net	9.1	175,938,695	253,330,223
	Staff gratuity	9.2	41,219,331	37,903,770
	Less: gratuity due but not yet paid	10	(3,400,580)	(4,153,471)
			37,818,751	33,750,299
			213,757,446	287,080,522

9.1 Deferred taxation - net

	Note	2018 Rupees	2017 Rupees
Balance as at July 1,		253,330,223	253,264,693
Reversal to profit or loss	31	(45,329,083)	(1,808,824)
Charged to other comprehensive income		348,570	(12,560)
Adjustment to the related deferred tax liability on revaluation surplus charged to other comprehensive income	5	(32,411,015)	1,886,914
Balance as at June 30,		175,938,695	253,330,223

This comprises of the following:

	Note	2018 Rupees	2017 Rupees
Deferred tax credits:			
- accelerated depreciation on property, plant and equipment		110,948,603	126,127,682
- surplus on revaluation of property, plant and equipment	5	129,155,329	173,966,891
		240,103,932	300,094,573
Deferred tax debits:			
- provision for doubtful trade debts		3,599,832	2,996,791
- provision for stores and spares		1,104,184	515,617
- provision for doubtful other receivables		1,399,242	1,447,492
- provision for staff gratuity		8,384,269	9,644,757
- minimum tax		49,677,710	32,159,693
		(64,165,237)	(46,764,350)
		175,938,695	253,330,223

9.2 Staff gratuity

	Note	2018 Rupees	2017 Rupees
Mill	9.2.2	40,966,959	37,651,398
Head office	9.2.11	252,372	252,372
		41,219,331	37,903,770

9.2.1 Staff gratuity - defined benefit plan

The Projected Unit Credit Method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation are as under:

The principal assumptions used are as follows:	2018	2017
- Discount rate	9.00%	7.00%
- Expected rate of salary increase	8.00%	7.00%
- Mortality rate	SLIC 2001-2005 set back one year	SLIC 2001-2005 set back one year

	Note	2018 Rupees	2017 Rupees

9.2.2 Liability recognized in the statement of financial position

	Note	2018 Rupees	2017 Rupees
Present value of defined benefit obligation (DBO)	9.2.3	37,566,379	33,497,927
Benefits due but not yet paid	9.2.4	3,400,580	4,153,471
		40,966,959	37,651,398

9.2.3 Movement in defined benefit obligation (DBO) during the year

	Note	2018 Rupees	2017 Rupees
Balance as at July 1,		33,497,927	26,187,452
Expense recognized in profit or loss	9.2.5	12,674,156	10,379,815
Total remeasurements recognized in other comprehensive income	9.2.6	(1,713,665)	49,360
Benefits paid		(4,666,650)	(676,600)
Benefits due but not yet paid		(2,225,389)	(2,442,100)
		37,566,379	33,497,927

9.2.4 Movement in benefits due but not yet paid

	2018 Rupees	2017 Rupees
Balance as at July 1,	4,153,471	4,520,490
Add: transfer from DBO during the year	2,225,389	2,442,100
Less: payments made during the year	(2,978,280)	(2,809,119)
	3,400,580	4,153,471

9.2.5 Expense recognized in profit or loss

	2018 Rupees	2017 Rupees
Current service cost	10,345,133	8,594,278
Interest cost	2,329,023	1,785,537
	12,674,156	10,379,815

9.2.6 Total remeasurements recognized in other comprehensive income

Actuarial loss / (gain) on liability arising on

	2018 Rupees	2017 Rupees
- financial assumptions	160,201	58,419
- demographic assumptions	-	-
- experience adjustments	(1,873,866)	(9,059)
	(1,713,665)	49,360

9.2.7 Sensitivity analysis

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption	Increase / (decrease) in defined benefit obligation due to	
		Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	1%	(2,137,975)	2,451,046
Salary growth rate	1%	2,561,431	(2,278,222)

9.2.8 The gratuity scheme exposes the Company to the following risks:

Longevity risks: The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk: The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the defined benefit obligation. The movement of the liability can go either way.

9.2.9 The weighted average duration of the defined benefit obligation as at June 30, 2018 is 6 years (2017: 6 years).

9.2.10 Number of employees covered by the scheme are 705 (2017: 652) employees.

	Note	2018 Rupees	2017 Rupees
9.2.11 Staff gratuity - head office			
Balance as at July 1		252,372	252,372
Paid during the year		-	-
Balance as at June 30	9.2.12	252,372	252,372

9.2.12 This amount relates to the unfunded gratuity scheme for the head office staff which has been freezed since 2002, as per the Company policy.

	Note	2018 Rupees	2017 Rupees
10. TRADE AND OTHER PAYABLES			
Creditors	10.1	26,456,462	34,514,843
Accrued liabilities		43,502,846	128,962,719
Bills payable		2,276,244	-
Advance from customers		15,957,025	14,556,951
Workers' profit participation fund	10.2	3,139,851	5,874,267
Workers' welfare fund		12,767,976	11,404,381
Infrastructure cess	10.3	35,604,949	23,587,865
Payable to provident fund		375,847	338,001
Gratuity due but not yet paid	9	3,400,580	4,153,471
Withholding tax payable		10,568,221	10,319,642
		154,050,001	233,712,140

10.1 Trade payables are non-interest bearing and are normally settled on 90-days term.

	Note	2018 Rupees	2017 Rupees
10.2 Workers' profit participation fund			
Balance as at July 1,		5,874,267	28,683
Allocation during the year	29	3,139,851	5,874,267
Interest on funds utilized in Company's business	28	322,541	-
		9,336,659	5,902,950
Paid during the year		(6,196,808)	(28,683)
Balance as at June 30,		3,139,851	5,874,267

10.3 The Government of Sindh through Sindh Finance Act, 1994 provided for imposition of an infrastructure fee for the development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The levy was challenged by the Company along with other companies in the High Court of Sindh through civil suits which were dismissed by the single judge of the High Court of Sindh through its decision in October 2003. On appeal filed there against, the High Court of Sindh has held through an order passed in September 2008 that the levy as imposed through the Sindh Finance Act, 1994 (amended time to time) was not valid till December 28, 2006, however, thereafter on account of an amendment in the Sindh Finance (Amendment) Ordinance, 2006, it had become valid and is payable by the Appellants. The Company, along with other companies, filed an appeal in the Supreme Court of Pakistan against the aforementioned order of the High Court of Sindh. The Supreme Court granted stay by passing an interim order on January 22, 2009. The order passed by the High Court of Sindh was set aside by the Supreme Court vide its order dated May 20, 2011. Consequently, a new petition has been filed in the High Court of Sindh. Through the interim order passed on May 31, 2011, the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed.

The Management is confident for a favorable outcome. However, as a matter of prudence, the Company has made provision as follows:

	Note	2018 Rupees	2017 Rupees
Balance as at July 1,		23,587,865	19,126,284
Charge for the year		24,034,168	8,923,162
		47,622,033	28,049,446
Payments made during the year		(12,017,084)	(4,461,581)
Balance as at June 30,		35,604,949	23,587,865

11. INTEREST / MARK-UP ACCRUED

Long-term finance		1,488,316	265,441
Short-term borrowings		21,558,949	23,652,538
		23,047,265	23,917,979

12. SHORT-TERM BORROWINGS

Banking companies - secured			
Running finance		614,697,259	374,549,458
Cash finance		266,756,798	242,367,799
Finance against Imported Merchandise (FIM)		711,686,290	391,851,617
	12.1	1,593,140,347	1,008,768,874

12.1 Facilities for running finance, cash finance, FIM and Murabaha are available from various banks up to Rs. 2,020 million (2017: Rs. 2,095 million). These facilities are subject to mark-up at the rates 3 month KIBOR plus 1.00% to 3.00% (2017: 3 month KIBOR plus 1.75% to 2.75%) per annum payable quarterly. These are secured against various assets including first pari passu hypothecation charge over present and future stock-in-trade, pledge of cotton, first hypothecation charge over present and future book debts, ranking charge on the stocks and receivables of the Company, equitable mortgage on various properties and personal guarantees of all directors of the Company.

The aggregate unavailed short-term borrowing facilities amounted to Rs. 427 million (2017: Rs. 1,091 million).

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 Letters of guarantee issued by banks on behalf of the Company to:

	2018 Rupees	2017 Rupees
- Lahore Electric Supply Company Limited	15,310,568	15,310,568
- Sui Northern Gas Pipelines Limited	24,314,000	24,314,000
- Excise and Taxation Office	27,258,600	22,258,600

13.1.2 In August 2013, the Oil and Gas Regulatory Authority (OGRA) vide its S.R.O. # 726(I)/2015 notified the sale price for sale of natural gas at Rs. 573.28/MMBTU for captive power consumption (CPP) with immediate effect. Subsequent to the said S.R.O., the Company received gas bills at Rs. 573.28/MMBTU, being considered as CPP by the utility company. The Company, considering itself as industrial consumer paid gas charges at the rate applicable before August 2013 on the basis of the stay order obtained from the Court.

Subsequently, on September 1, 2015, OGRA vide its S.R.O. # 876(I)/2015 notified the price for sale of natural gas at Rs. 600/MMBTU for industrial consumers and on captive power consumption, with effect from September 1, 2015. Aggrieved by the notification, the Company filed a suit in the Lahore High Court contending that the mandatory procedures as laid down in the OGRA Ordinance, 2002 and Rules made thereunder were not fulfilled while issuing the notification. Hence, the Company paid / accrued gas charges at rates applicable before the above S.R.O. # 726(I)/2015 on the basis of stay orders obtained from Lahore high Court, Multan bench, from time to time, until November 2015 (refer note 13.1.3)

From December 2015, the gas company has started supplying imported Liquified Natural Gas (LNG) resulting in the change in rates over which no dispute has been raised by the Company.

13.1.3 Under the Gas Infrastructure Development Cess Act, 2011, Government of Pakistan levied Gas Infrastructure Development (GID) Cess on gas bills at the rate of Rs. 13 per MMBTU on all industrial consumers. In the month of June 2012, the Federal Government revised GID Cess rate from Rs. 13 per MMBTU to Rs. 100 per MMBTU.

The Company along with group of other plaintiffs filed a suit before the High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act, 2011. The Sindh High Court had restrained the Federation and gas companies from recovering GID Cess over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GID Cess as a tax was not validly levied in accordance with the Constitution.

In September 2014, the Federal Government promulgated Gas Infrastructure Cess (GIDC) Ordinance No. VI of 2014. In May 2015, the said Ordinance was approved in the parliament and became an Act. Under the Act, GID Cess at the rate of Rs. 100 per MMBTU on all industrial consumers and Rs. 200 per MMBTU on all Captive Power Plant (CPP) has been levied.

Subsequent to the approval of the Act, the Company received gas bills in which GIDC was charged at the rate of Rs. 200 per MMBTU, as the Company was considered a CPP by the utility company. The Company, while considering itself as industrial consumer, has paid / accrued GID Cess at the rate of Rs. 100 per MMBTU till August 2015. However, the Company along with group of other plaintiffs has challenged the act through a writ petition filed in the Lahore High Court. Considering the ongoing writ petition, the Company has not recorded GIDC in these financial statements from September 2015 till November 2015, as it is confident that the decision of the case will come in its favor. As disclosed in note 13.1.2, from December 2015, the gas company has started supplying imported Liquified Natural Gas (LNG) resulting in the change in method of billing due to which no GIDC has been levied thereafter in the gas bills.

13.2 Commitments

Letters of credit opened and outstanding for import of:

	Note	2018 Rupees	2017 Rupees
- plant and machinery		-	18,465,300
- raw material		331,427,976	52,594,500
- stores and spares		1,353,895	18,173,418
		332,781,871	89,233,218

14. PROPERTY, PLANT AND EQUIPMENT

	Note	2018 Rupees	2017 Rupees
Operating fixed assets	14.1	1,538,221,813	1,506,539,437
Capital work-in-progress - civil work		299,890	-
		1,538,521,703	1,506,539,437

14.1 Operating fixed assets

Particulars	Cost / revaluation: As at July 01, 2017	Additions/ (disposal)	Transfers *	As at June 30, 2018	Accumulated Depreciation: As at July 01, 2017	Depreciation / (adjustment) for the year	Transfers *	As at June 30, 2018	Carrying Value as at June 30, 2018	Dep. Rate %
	----------	----------	----------	----------	Rupees	----------	----------	----------	----------	-
Owned assets										
Land - freehold	90,140,625	-	-	90,140,625	-	-	-	-	90,140,625	-
Mill building on freehold land	178,614,028	-	-	178,614,028	14,407,070	14,407,074	-	28,814,144	149,799,884	5-10
Labour colony on freehold land	25,489,252	-	-	25,489,252	2,178,633	2,294,032	-	4,472,665	21,016,587	10
Plant and machinery	1,077,896,873	85,380,271	94,543,194	1,242,351,588	48,441,219	49,245,065	4,055,314	101,171,832	1,141,179,756	4-10
		(15,468,750)	-			(569,766)				
Electric installations	41,609,487	(4,636,498)	-	36,972,989	3,246,264	3,141,947	-	5,657,963	31,315,026	5-10
						(730,248)				
Mill equipment	9,930,785	-	-	9,930,785	1,320,768	724,225	-	2,044,993	7,885,792	5-10
Office equipment	12,604,570	138,414	-	12,742,984	9,764,131	483,946	-	10,248,077	2,494,907	10
Furniture and fixtures	3,725,803	-	-	3,725,803	3,634,446	13,174	-	3,647,620	78,183	10
Vehicles	77,626,523	15,974,754	9,952,500	96,554,523	56,175,274	4,732,324	3,126,250	62,407,327	34,147,196	20
		(6,999,254)	-			(1,626,521)				
	1,517,637,946	101,493,439	104,495,694	1,696,522,577	139,167,805	75,041,787	7,181,564	218,464,621	1,478,057,956	
		(27,104,502)				(2,926,535)				
Leased assets										
Plant and machinery	117,763,164	15,000,000	(94,543,194)	38,219,970	3,055,928	3,247,501	(4,055,314)	2,248,115	35,971,855	4-10
Vehicles	16,615,500	19,529,000	(9,952,500)	26,192,000	3,253,440	1,872,808	(3,126,250)	1,999,998	24,192,002	20
	134,378,664	34,529,000	(104,495,694)	64,411,970	6,309,368	5,120,309	(7,181,564)	4,248,113	60,163,857	
Total June 30, 2018	1,652,016,610	136,022,439	-	1,760,934,547	145,477,173	80,162,096	-	222,712,734	1,538,221,813	
		(27,104,502)				(2,926,535)				

* Represents transfer from leased assets to owned assets on maturity of leasing arrangements.

Particulars	Cost / revaluation: As at July 01, 2016	Cost / revaluation: Additions/ (disposal)	Cost / revaluation: Transfe *	Cost / revaluation: As at June 30, 2017	Accumulated Depreciation: As at July 01, 2016	Accumulated Depreciation: Depreciation / (adjustment) for the year	Accumulated Depreciation: Transfer *	Accumulated Depreciation: As at June 30, 2017	Carrying Value as at June 30, 2017	Dep. Rate %
	----	----	----	----	----	Rupees	----	----	----	----
Owned assets										
Land- freehold	90,140,625	-	-	90,140,625	-	-	-	-	90,140,625	-
Mill building on freehold land	178,614,028	-	-	178,614,028	-	14,407,070	-	14,407,070	164,206,958	5-10
Labour colony on freehold land	24,090,495	1,398,757	-	25,489,252	-	2,178,633	-	2,178,633	23,310,619	10
Plant and machinery	1,033,614,160	19,722,784 (10,690,673)	35,250,602	1,077,896,873	-	47,887,797 (224,014)	777,436	48,441,219	1,029,455,654	4-10
Electric installations	41,609,487	-	-	41,609,487	-	3,246,264	-	3,246,264	38,363,223	5-10
Mill equipment	9,930,785	-	-	9,930,785	-	1,320,768	-	1,320,768	8,610,017	5-10
Office equipment	12,290,680	313,890	-	12,604,570	9,298,331	465,800	-	9,764,131	2,840,439	10
Furniture and fixtures	3,725,803	-	-	3,725,803	3,620,452	13,994	-	3,634,446	91,357	10
Vehicles	53,921,508	3,241,863 (4,225,848)	24,689,000	77,626,523	46,113,563	4,805,280 (4,225,839)	9,482,270	56,175,274	21,451,249	20
	1,447,937,571	24,677,294 (14,916,521)	59,939,602	1,517,637,946	59,032,346	74,325,606 (4,449,853)	10,259,706	139,167,805	1,378,470,141	
Leased assets										
Plant and machinery	150,738,766	2,275,000	(35,250,602)	117,763,164	-	3,833,364	(777,436)	3,055,928	114,707,236	4-10
Vehicles	35,225,500	6,079,000	(24,689,000)	16,615,500	9,936,843	2,798,867	(9,482,270)	3,253,440	13,362,060	20
	185,964,266	8,354,000	(59,939,602)	134,378,664	9,936,843	6,632,231	(10,259,706)	6,309,368	128,069,296	
Total June 30, 2017	1,633,901,837	33,031,294 (14,916,521)	Total June 30, 2017	1,652,016,610	68,969,189	80,957,837 (4,449,853)	-	145,477,173	1,506,539,437	

* Represents trensfer from leased assets to owned assets on maturity of lease arrangements.

	Note	2018 Rupees	2017 Rupees
14.2 Depreciation for the year has been allocated as under			
Cost of sales	25	73,059,847	72,873,896
Administrative expenses	27	7,102,249	8,083,941
		80,162,096	80,957,837

14.3 The following operating fixed assets were disposed off during the year:

Description	Cost / Revaluation	Accumulated Depreciation	Carrying Value	Sale Proceeds	Gain / (loss)	Relationship of purchaser with Company	Mode of Disposal	Particulars of purchaser
Plant and machinery - Owned	15,468,750	569,766	14,898,984	15,000,000	101,016	Banker	Sale and leaseback	First Habib Modaraba
Electric installations	4,636,498	730,248	3,906,250	3,000,000	(906,250)	Third party	Negotiation	Orient Energy Systems (Pvt.) Limited
Vehicle	323,736	323,735	1	200,000	199,999	Third party	Negotiation	Mr. Izzat Khan
Vehicle	48,000	47,999	1	7,000	6,999	Third party	Negotiation	Mr. Muhammad Yousuf
Vehicle	1,200,518	1,200,517	1	550,000	549,999	Third party	Negotiation	Mr. Chaudhary Tahir Mehmoood
Vehicle	5,427,000	54,270	5,372,730	5,627,000	254,270	Third party	Negotiation	Farooq Motors
June 30, 2018	27,104,502	2,926,535	24,177,967	24,384,000	206,033			
June 30, 2017	14,916,521	4,449,853	10,466,668	7,325,000	(3,141,668)			

14.4 The Company carries its land, building, labour colony, plant and machinery, electric installations and mill equipment at revalued amounts under IAS 16 'Property, Plant and Equipment'. The latest revaluation of these assets was carried out as at June 30, 2016 by M/s Al-Noor Consultants & Evaluators (an independent valuer located in Lahore) on the basis of present market va lues, which resulted in surplus on revaluation amounting to Rs. 160.3 million.

The Company commissioned independent valuations of land, building, labour colony, plant and machinery, electric installations and mill equipment during the years ended June 30, 2006, June 30, 2010, June 30, 2013 and June 30, 2016. The resulting revaluation surpluses have been disclosed in notes 5 and 14.1 to the financial statements and have been credited to the revaluation surplus account net of their related tax effect.

The carrying amount of the aforementioned assets as at June 30, 2018, if the said assets had been carried at historical cost, would have been as follows:

	2018			2017		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	Rupees					
Land - freehold	8,772,600	-	8,772,600	8,772,600	-	8,772,600
Mills building on freehold land	140,359,650	(101,851,197)	38,508,453	140,359,650	(100,068,735)	40,290,915
Labour colony on freehold land	18,571,950	(15,901,109)	2,670,841	18,571,950	(15,627,369)	2,944,581
Plant and machinery	1,346,215,253	(656,158,546)	690,056,707	1,261,303,732	(633,476,280)	627,827,452
Electric installations	44,260,582	(25,644,532)	18,616,050	48,897,080	(27,487,722)	21,409,358
Mill equipment	7,083,976	(4,729,605)	2,354,371	7,083,976	(4,590,191)	2,493,785
	1,565,264,011	(804,284,989)	760,979,022	1,484,988,988	(781,250,297)	703,738,691

14.5 Forced sale values as per the latest revaluation report as of June 30, 2016, as mentioned in note 14.4 are as follows:

Asset Class	Rupees
Land - freehold	79,619,531
Mills building on freehold land	147,356,570
Labour colony on freehold land	19,874,658
Plant and machinery	947,482,342
Electric installations	33,287,589
Mill equipment	7,944,630

14.5.1 The above amounts does not include assets which are capitalized from July 01, 2016 to June 30, 2018.

14.6 Particulars of immovable asset of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Acres)
Nankana Sahib	Kot Shah Muhammad, Tehsil & District Nankana Punjab	Production Plant	20.03

		Note	2018 Rupees	2017 Rupees
15.	**LONG-TERM DEPOSITS**			
	Deposits			
	- lease		10,790,450	21,577,860
	- others		14,502,998	2,855,986
			25,293,448	24,433,846
	Less: current portion	20	(1,175,851)	(15,517,860)
			24,117,597	8,915,986
16.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		27,527,771	29,702,095
	Spares		13,787,704	13,787,704
	Stores and spares in transit		1,531,195	561,466
	Loose tools		64,585	64,585
			42,911,255	44,115,850
	Less: provision for slow moving items	16.1	(5,398,807)	(2,230,077)
			37,512,448	41,885,773
16.1	**Movement in provision for slow moving items**			
	Balance as at July 1,		2,230,077	2,230,077
	Provision made during the year		3,168,730	-
	Balance as at June 30,		5,398,807	2,230,077
17.	**STOCK-IN-TRADE**			
	Raw material			
	- In hand		726,124,754	405,242,968
	- In transit		219,842,972	121,051,427
	Work-in-process		25,248,274	23,177,686
	Finished goods		117,757,732	128,124,856
	Waste		16,282,307	5,871,976
			1,105,256,039	683,468,913
18.	**TRADE DEBTS**			
	Considered good	18.1	793,764,967	709,931,347
	Considered doubtful		12,413,215	9,989,304
			806,178,182	719,920,651
	Less: Provision for doubtful debts	18.3	(12,413,215)	(9,989,304)
			793,764,967	709,931,347

18.1 Trade debts are non-interest bearing and are generally on 60 to 90 days terms. Trade debts are unsecured other than export related trade debts as mentioned in note 18.6 which are secured against letters of credit.

18.2 Trade debts include debtors with a carrying amount of Rs. 417.002 million (2017: Rs. 294.27 million) which are past due at the reporting date for which the Company has not made any provision for doubtful recovery as there has not been a significant change in credit quality and the amounts are still considered recoverable.

		Note	2018 Rupees	2017 Rupees
18.3	**Movement in provision for doubtful debts**			
	Balance as at July 1,		9,989,304	9,989,304
	Provision made during the year		2,423,911	-
	Balance as at June 30,		12,413,215	9,989,304
18.4	**Ageing of trade debts past due but not impaired**			
	91-180 days		292,219,050	3,775,918
	181 days and above		124,782,824	290,495,582
	Above 365 days		387,722	387,722
		18.5	417,001,874	294,271,500

18.5 Out of these, trade debts amounting to Rs. 333.64 million have been received subsequent to year end.

18.6 Following are the details for export sales outstanding as at reporting date.

	Foreign Jurisdiction	Mode of arrangement	Amount in Rupees
June 30, 2018	China	Confirmed LC	43,716,788
June 30, 2017	China	Confirmed LC	10,264,976

		Note	2018 Rupees	2017 Rupees
19.	**LOANS AND ADVANCES**			
	Considered good			
	Loans to employees - unsecured	19.1	216,000	172,339
	Advance to employees	19.1	7,556,981	2,020,111
	Advances - unsecured			
	- to suppliers		34,593,719	11,788,004
	- for expenses		4,815,557	452,162
			39,409,276	12,240,166
	Advance income tax		43,902,018	35,143,535
			91,084,275	49,576,151

19.1 This represents unsecured, interest free, short-term loan and advance given to employees of the Company.

		Note	2018 Rupees	2017 Rupees
20.	**DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Current portion of long-term deposits	15	1,175,851	15,517,860
	Prepayments		3,278,637	1,031,037
			4,454,488	16,548,897

	Note	2018 Rupees	2017 Rupees
21. OTHER RECEIVABLES			
Sales tax			
- considered good		54,007,174	35,058,481
- considered doubtful		2,507,844	2,507,844
Export rebate - considered doubtful		2,194,344	2,194,344
Duty draw back receivable		33,408,226	4,126,058
Cotton quality and weight claims			
- considered good		14,333,369	12,266,737
- considered doubtful		122,785	122,785
Profit on deposits		1,855,666	1,682,508
Others		385,137	1,347,683
		108,814,545	59,306,440
Less: provision for doubtful receivables		(4,824,973)	(4,824,973)
		103,989,572	54,481,467

22. OTHER FINANCIAL ASSETS

	Note	2018 Rupees	2017 Rupees
Investment at fair value through profit or loss	22.1	1,196,000	-
Term deposit receipts	22.2	45,550,710	40,550,710
		46,746,710	40,550,710

22.1 'This represents investment in shares of a listed company (Lottee Chemicals Pakistan Limited). This is stated at fair value at the year-end, using the year-end share price qouted at the stock exchange. The cost of these shares is Rs. 898,000 and unrealized gain as at year end is Rs. 298,000.

22.2 These represents term deposit receipts with various banks for a period ranging from six months to one year carrying mark-up at the rates ranging from 4.35% to 7.00% (2017: 4.35% to 7.50%) per annum. The banks have lien on these term deposit receipts on account of guarantees provided by such banks as disclosed in note 13.1.1 to the financial statements. These will mature upto June 26, 2019 (2017: November 30, 2017).

	Note	2018 Rupees	2017 Rupees
23. CASH AND BANK BALANCES			
Cash in hand		87,062	340,497
Cash at banks			
- in current accounts	23.1	2,230,563	15,632,458
- in saving account	23.2	104,261	100,733
		2,421,886	16,073,688

23.1 This includes an amount of Rs. 3.58 million on which the bank has created lien on account of guarantee provided by such bank as disclosed in note 13.1.1 to the financial statements.

23.2 It carries markup of 3.87% (2017: 3.87%) per annum.

		Note	2018 Rupees	2017 Rupees
24.	**SALES - NET**			
	Yarn			
	- Local		1,862,597,787	1,760,129,737
	- Export		666,259,298	337,980,067
			2,528,857,085	2,098,109,804
	Raw material - Local		263,756,960	223,796,927
	Fabric - Local		-	43,374,355
	Waste - Local		101,939,936	84,693,969
			2,894,553,981	2,449,975,055
	Less:			
	Sales tax		-	-
	Brokerage and commission		(13,494,499)	(11,919,444)
			2,881,059,482	2,438,055,611

		Note	2018 Rupees	2017 Rupees
25.	**COST OF SALES**			
	Raw material consumed	25.1	1,780,550,471	1,269,814,260
	Salaries, wages and benefits	25.2	135,591,195	119,909,070
	Fuel and power		330,043,011	290,414,320
	Depreciation	14.2	73,059,847	72,873,896
	Stores and spares consumed		42,683,830	43,843,362
	Packing material		37,875,251	30,460,264
	Insurance		6,276,045	5,462,808
	Repairs and maintenance		4,750,787	3,332,758
	Provision on slow moving stores, spares and loose tools		3,168,730	-
	Vehicles running and maintenance		1,604,196	1,518,699
	Other manufacturing overheads		4,019,146	5,462,529
			639,072,038	573,277,706
			2,419,622,509	1,843,091,966
	Work-in-process			
	Opening stock		23,177,686	17,736,292
	Closing stock		(25,248,274)	(23,177,686)
			(2,070,588)	(5,441,394)
	Cost of goods manufactured		2,417,551,921	1,837,650,572
	Finished goods			
	Opening stock		133,996,832	238,126,865
	Yarn purchased		-	43,101,729
	Fabric purchased		-	-
	Closing stock		(134,040,039)	(133,996,832)
			(43,207)	147,231,762
	Cost of raw material sold		226,236,093	166,537,726
			2,643,744,807	2,151,420,060

		2018 Rupees	2017 Rupees
25.1	**Raw material consumed**		
	Opening stock	405,242,968	323,114,209
	Purchases - net	2,101,432,257	1,351,943,019
		2,506,675,225	1,675,057,228
	Closing stock	(726,124,754)	(405,242,968)
		1,780,550,471	1,269,814,260

25.2 Salaries, wages and benefits include Rs. 12.67 million (2017: Rs. 10.38 million) in respect of staff retirement benefits.

		Note	2018 Rupees	2017 Rupees
26.	**DISTRIBUTION COST**			
	Freight and octroi		5,563,321	2,646,645
	Commission and other charges		1,809,414	1,103,134
	Clearing and forwarding		3,771,268	1,395,262
	Business promotion expenses		2,557,067	2,208,329
	Export development surcharge		1,540,478	817,008
			15,241,548	8,170,378

		Note	2018 Rupees	2017 Rupees
27.	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	27.1	42,158,091	39,889,023
	Fees, subscription and periodicals		1,577,457	661,912
	Entertainment		769,657	436,779
	Traveling and conveyance		2,246,295	1,589,467
	Postage and telephone		1,865,168	2,114,444
	Electricity, gas and water		2,284,360	1,866,946
	Vehicles running and maintenance		4,232,056	3,806,039
	Depreciation	14.2	7,102,249	8,083,941
	Provision for doubtful trade debts		2,423,911	-
	Legal and professional		413,500	727,500
	Auditors' remuneration	27.2	997,000	940,000
	Printing and stationery		371,709	414,545
	Computer		109,000	179,845
	Rest house		407,544	312,786
	Advertisement		183,600	57,360
	Donation	27.3	1,030,000	1,219,000
	Others		816,843	613,818
			68,988,440	62,913,405

27.1 Salaries and benefits include Rs. 1.23 million (2017: Rs. 1.09 million) in respect of staff retirement benefits.

		2018 Rupees	2017 Rupees
27.2	**Auditors' remuneration**		
	Audit Services		
	Annual audit fee	685,000	685,000
	Half year review fee	130,000	120,000
	Review of code of corporate governance	50,000	50,000
	Other services	50,000	-
	Out of pocket expenses	82,000	85,000
		997,000	940,000

27.3 No director or their spouse had any interest in the donees' fund. Furthermore, no donation exceeding Rs. 500,000 has been given to a single party.

		Note	2018 Rupees	2017 Rupees
28.	**FINANCE COST**			
	Markup / interest on:			
	Long-term finance		3,095,884	890,830
	Short-term borrowings		89,426,021	75,993,802
	Finance lease arrangements		3,675,125	5,846,243
	Unwinding of discount on long-term finance from related parties	7	8,291,736	7,537,940
	Workers' profit participation fund	10.2	322,541	-
	Bank charges, guarantee commission and other related charges		8,817,967	6,550,834
			113,629,274	96,819,649

29. OTHER OPERATING EXPENSES

	Note	2018 Rupees	2017 Rupees
Workers' profit participation fund	10.2	3,139,851	5,874,267
Workers' welfare fund		1,363,595	2,929,799
Infrastructure cess		12,017,084	4,461,581
Commission on sale of machinery		-	60,000
Loss on disposal of property, plant and equipment		-	3,141,668
		16,520,530	16,467,315

30. OTHER INCOME

	Note	2018 Rupees	Restated 2017 Rupees
Income from financial assets			
Profit on deposits		2,167,859	1,837,396
Unrealized gain on financial assets	22.1	298,000	-
Dividend income		20,000	-
Income from assets other than financial assets			
Exchange gain		353,324	177,558
Duty drawback on export		31,693,647	4,126,058
Gain on disposal of property, plant and equipment		206,033	-
Sale of scrap		619,832	275,444
		35,358,695	6,416,456

31. TAXATION

	Note	2018 Rupees	2017 Rupees
Current			
- for the year		25,318,858	22,527,473
- prior year		(100,871)	675,478
		25,217,987	23,202,951
Deferred	9.1	(45,329,083)	(1,808,824)
		(20,111,096)	21,394,127

31.1 Relationship between tax expense and accounting profit

	2018	2017
Accounting profit before tax	58,293,578	108,681,260
Tax @ 30% (2017: 31%)	17,488,073	33,691,191
Effect of:		
Tax effect of rebate / credits	(8,744,027)	(2,216,078)
Tax effect of income subject to Final Tax Regime	(586,154)	(13,495,702)
Effect of change in prior year's tax	(100,871)	675,478
Effect of minimum tax	(1,578,035)	-
Effect of change in tax rate	(24,619,557)	1,331,789
Effect of loss excess recognized in prior year	-	1,668,236
Tax effect of permanent difference	(2,178,521)	2,180,169
Others	207,996	(2,440,956)
	(20,111,096)	21,394,127

31.2 The Company has an unrecognized minimum tax of Rs. 19.09 million (2017: Rs. 19.09 million) pertaining to prior years.

31.3 Provision against tax in the financial statements for the years 2017, 2016 and 2015 are Rs.22.4 million, Rs.16.9 million and Rs. 9.16 million as against the assessed tax of Rs. 22.4 million, Rs.16.9 million and Rs.19.16 million respectively. The tax provisions for these years are thus sufficient and adequately covers the assessed / declared position.

31.4 Subsequent to the ammendment of section 5(A) of the Income tax Ordinance, 2001, tax at the applicable rate shall be imposed on every public company which derives profit for the year. However, this tax shall not apply in case of a company which distributes at least specified percentage of after tax profits within six months of the end of the tax year in the form of cash dividend. During the year the Company has obtained stay order from Sindh High Court in respect of application of such clause.

32. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company which is based on:

		2018 Rupees	2017 Rupees
Profit for the year	Rupees	78,404,674	87,287,133
Weighted average number of ordinary shares outstanding during the year		18,048,000	18,048,000
Earnings per share	Rupees	4.34	4.84

	Note	2018 Rupees	2017 Rupees
33. CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	2,421,886	16,073,688
Short-term borrowings	12	(1,593,140,347)	(1,008,768,874)
		(1,590,718,461)	(992,695,186)

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, key management personnel and post employment contribution plan. Long-term loans obtained from directors and associated undertakings (and unwinding of discount thereon) and remuneration of Chief Executive Officer, directors and executives are disclosed in note 7, note 28 and note 35 respectively. Other significant transaction with a related party is as follows:

Relationship with the Company	Nature of transaction	Note	2018 Rupees	2017 Rupees
Key Management Personnel	Remuneration paid		5,244,288	4,907,067
	Post employment benefits		219,909	213,915
Post employment contribution plan	Contribution to employees' provident fund	27.1	1,231,244	1,092,729

34.1 Details of related parties of the Company

Name of related party	Basis of relationship and percentage holding
Muhammad Idrees Allawala	Key Management Personnel holds 0.003% shares
S.M. Mansoor Idrees Allawala	Key Management Personnel holds 10.588% shares
Kamran Idrees Allawala	Key Management Personnel holds 13.923% shares
Naeem Idrees Allawala	Key Management Personnel holds 22.376% shares
Rizwan Idrees Allawala	Key Management Personnel holds 4.883% shares
Omair Idrees Allawala	Key Management Personnel holds 4.883% shares
Muhammad Saeed	Key Management Personnel holds 0.443% shares
Muhammad Israil	Key Management Personnel holds 0.011% shares
Saba Kamran	Spouse of Kamran Idrees Allawala holds 2.081% shares
Ambreen Mansoor	Spouse of S.M. Mansoor Allawala holds 2.022% shares
Jawaid Patni	Key Management Personnel
Muhammad Anis	Key Management Personnel
Syed Shahid Sultan	Key Management Personnel
Ayyaz Khan	Key Management Personnel

35. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2018				2017 - restated			
	Chief Executive	Directors		Executives	Chief Executive	Directors		Executives
		Executive	Non-executive			Executive	Non-executive	
	Rupees							
Remuneration	1,280,004	2,160,000	-	2,817,176	1,280,004	2,160,000	1,080,000	2,561,012
House rent allowance	384,000	648,000	-	875,180	384,000	648,000	324,000	795,803
Utilities	127,992	216,000	-	135,164	127,992	216,000	108,000	118,628
Medical	128,004	216,000	-	281,716	128,004	216,000	108,000	256,086
	1,920,000	3,240,000	-	4,109,236	1,920,000	3,240,000	1,620,000	3,731,529
Number of persons	1	2		2	1	2	1	2

The Chief Executive, directors and some executives are provided with free use of Company maintained cars.

As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year. Therefore, comparative figures have been changed in light of change in the definition of executive as per the Act.

36 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The Chief Executive of the Company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive considers the business as a single operating segment as the Company's assets allocation decisions are based on a single, integrated business strategy, and the Company's performance is evaluated on an overall basis.

	2018	2017
37 PLANT CAPACITY AND ACTUAL PRODUCTION		
Installed production capacity 20/s count - yarn in kgs.	14,795,745	14,795,745
Actual production during the year at 20/s count - yarn in Kgs.	13,957,634	10,020,276

It is difficult to precisely describe the production capacity and compare it with actual production in the textile industry since it fluctuates widely depending upon various factors such as count of yarn spun, spindles speeds, twists per inch, raw material used, etc.

38. NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2018 and 2017 respectively are as follows:

	2018	2017
Total number of employees of the Company as at reporitng date	747	695
Average number of employees of the Company during the year	708	673
Employee's working in Company's factory as at reporting date	705	652
Average number of employees working in Company's factory during the year	666	631

	2018 Rupees (Unaudited)	2017 Rupees (Audited)
39. PROVIDENT FUND		
The financial information of the Fund is as follows:		
a) Size of the fund - Net assets	26,386,961	23,568,888
Cost of investments made	20,241,446	18,025,460
Fair value of investments	21,269,384	19,053,398
Percentage of investments made (%)	80.61%	80.84%

	2018		2017	
	Rupees	%	Rupees	%
b) The break-up of fair value of investments is:				
Bank balances	3,217,914	51.13	1,501,929	8
Fixed income securities	12,000,000	56.42	12,000,000	63
Mutual funds	6,051,469	28.45	5,551,469	29
	18,481,723	100.00	17,287,159	100.00

39.1 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

40. FINANCIAL INSTRUMENTS BY CATEGORY

	2018 Rupees	2017 Rupees
Financial assets as per statement of financial position		
Loans and receivables		
Security deposits	25,293,448	24,433,846
Trade debts	793,764,967	709,931,347
Loans and advances	7,772,981	2,192,450
Other receivables	16,574,172	15,296,928
Other financial assets	46,746,710	40,550,710
Cash and bank balances	2,421,886	16,073,688
	892,574,164	808,478,969
Financial liabilities as per statement of financial position		
At amortized cost		
Long-term financing		
- from banking company	101,544,568	11,304,300
- from related parties	91,209,091	82,917,355
Liabilities against assets subject to finance lease	53,119,159	68,434,863
Trade and other payables	76,011,979	167,969,034
Unclaimed dividend	2,424,885	2,207,582
Interest / mark-up accrued	23,047,265	23,917,979
Short-term borrowings	1,593,140,347	1,008,768,874
	1,940,497,294	1,365,519,987

41. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

41.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, security deposits, loans and advances, other financial assets and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2018 Rupees	2017 Rupees
Security deposits	25,293,448	24,433,846
Trade debts	793,764,967	709,931,347
Loans and advances	7,772,981	2,192,450
Other receivables	16,574,172	15,296,928
Other financial assets	45,550,710	40,550,710
Bank balances	2,334,824	15,733,191
	891,291,102	808,138,472

Trade debts

The trade debts at year end are primarily due from local customers against local sales. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Company has no major concentration of credit risk with any single customer. The Company establishes an allowance for impairment that represents its estimate of incurred losses for overdue balances based on analysis of each customer. The trade debts that are past due but not impaired are disclosed in note 18.4.

Deposits

Deposits primarily include deposits given to leasing companies / financial institutions for lease of plant and machinery and vehicles. These deposits are usually adjusted at the end of lease term against the purchase of leased asset.

Loans and advances

These include loans and advances given primarily to employees against salaries, which will be adjusted against their future salaries.

Other financial assets and balances with banks

The Company deposits its funds and invests in term deposit receipts (other financial assets) with banks carrying good credit standings assessed by reputable credit agencies. These banks are credit rated as follows:

	Date of Rating	Rating Agency	Short term	Long term
Bank Al-Falah Limited	14-Jun-18	PACRA	A1+	AA+
Bank Al-Habib Limited	28-Jun-18	PACRA	A1+	AA+
Bank Islami Pakistan Limited	22-Jun-18	PACRA	A1	A+
Dubai Islamic Bank Pakistan Limited	29-Jun-18	JCR-VIS	A-1	AA-
Faysal Bank Limited	28-Jun-18	PACRA	A1+	AA
Habib Bank Limited	29-Jun-18	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	28-Jun-18	PACRA	A1+	AA+
J.S Bank Limited	25-Jun-18	PACRA	A1+	AA-
Meezan Bank Limited	30-May-18	JCR-VIS	A-1+	AA+
National Bank of Pakistan	30-Jun-18	PACRA	A1+	AAA
Silkbank Limited	29-Jun-18	JCR-VIS	A-2	A-
Sindh Bank Limited	10-Jul-18	JCR-VIS	A-1+	AA
Soneri Bank Limited	14-Jun-18	PACRA	A1+	AA-
The Bank of Punjab	27-Jun-18	PACRA	A1+	AA
MCB Bank Limited	27-Jun-18	PACRA	A1+	AAA
United Bank Limited	10-Jul-18	JCR-VIS	A-1+	AAA

41.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilit that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Compa could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

	June 30, 2018			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	---------- Rupees ----------			
Long-term financing				
- from related parties	91,209,091	100,330,001	100,330,001	-
- from banking company	101,544,568	117,936,752	29,215,633	88,721,119
Liabilities against assets subject to finance lease	53,119,159	57,829,937	22,759,318	35,070,619
Trade and other payables	76,011,979	76,011,979	76,011,979	-
Unclaimed dividend	2,424,885	2,424,885	2,424,885	-
Interest / markup accrued	23,047,265	23,047,265	23,047,265	-
Short-term borrowings	1,593,140,347	1,593,140,347	1,593,140,347	-
	1,940,497,294	1,970,721,166	1,846,929,428	123,791,738

	June 30, 2017			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	---------- Rupees ----------			
Long-term financing				
- from related parties	82,917,355	100,330,001	-	100,330,001
- from banking company	11,304,300	11,897,776	6,944,070	4,953,706
Liabilities against assets subject to finance lease	68,434,863	72,449,953	49,225,329	23,224,624
Trade and other payables	167,969,034	167,969,034	167,969,034	-
Unclaimed dividend	2,207,582	2,207,582	2,207,582	-
Interest / markup accrued	23,917,979	23,917,979	23,917,979	-
Short-term borrowings	1,008,768,874	1,008,768,874	1,008,768,874	-
	1,365,519,987	1,387,541,199	1,259,032,868	128,508,331

41.3 Market risk

Market risk is the risk that changes in market prices, such as share price, foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The Company is primarily exposed to interest rate risk only.

41.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term borrowings, liabilities against assets subject to finance lease, other financial assets and bank balances in saving account.

At the balance sheet date the interest rate risk profile of the Company's interest-bearing financial instruments is:

	Carrying Amount	
	2018	2017
	Rupees	Rupees
Fixed rate instruments		
Financial assets	45,654,971	40,651,443
Financial liabilities	192,753,659	94,221,655
Variable rate instruments		
Financial liabilities - KIBOR based	1,646,259,506	1,077,203,737

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 rate at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in KIBOR based financial liabilities at the reporting date would have increased / (decreased) equity and profit before tax by Rs. 8.23 million (2017: Rs. 5.39 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as in 2017.

41.4 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to the shareholders or issue bonus / new shares.

The Company is not subject to externally imposed capital requirements.

42. Fair value of financial instruments

IFRS 13 "Fair Value Measurement" defines fair value as 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 without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13 requires the Company to classify financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

The Company does not have any financial assets and liability measured at fair value other than certain items of property, plant and equipment and investment in shares disclosed below.

The Company's land, building, labour colony, plant and machinery, electric installations and mill equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's land, building, labour colony, plant and machinery, electric installations and mill equipment was performed by M/s Al-Noor Consultants & Evaluators (an independent valuer), as at June 30, 2016.

'The Company has made investment in shares of a listed company which is stated at fair value at the year-end, using the year-end share price qouted at the stock exchange.

When measuring the fair value of an assets or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Details of fair value hierarchy and information relating to fair value of Company's free hold land, building, electric installa tions and plant and machinery and investmnet in listed securities is as follows:

	Level 1	Level 2	Level 3
	-------------------------Rupees in '000	-------------------------- -	
As at June 30, 2018			
Investment - at fair value through profit or loss	1,196,000	-	-
Property, plant and e quipment			
Land - freehold	-	90,140,625	-
Mills building on freehold land	-	149,799,884	-
Labour Colony on freehold land	-	21,016,587	-
Plant and machinery - owned	-	1,141,179,756	-
Plant and machinery - leased	-	35,971,855	-
Electric installations	-	31,315,026	-
Mill equipment	-	7,885,792	-
	1,196,000	1,477,309,525	-
As at June 30, 2017			
Land - freehold	-	90,140,625	-
Mills building on freehold land	-	164,206,958	-
Labour Colony on freehold land	-	23,310,619	-
Plant and machinery - owned	-	1,029,455,654	-
Plant and machinery - leased	-	114,707,236	-
Electric installations	-	38,363,223	-
Mill equipment	-	8,610,017	-
	-	1,468,794,332	-

There were no changes in valuation techniques during the year.

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

43. Reconciliation of liabilities arising from financing activities

	June 30, 2017	Financing cash inflows	Financing cash outflows	Non cash changes	June 30, 2018
	Rupees				
Long -term finances	94,221,655	96,699,868	(6,459,600)	8,291,736	192,753,659
Liabilities against assets subject to finance lease	68,434,863	-	(49,844,704)	34,529,000	53,119,159
Dividend payable	2,207,582	-	(8,806,697)	9,024,000	2,424,885
	164,864,100	96,699,868	(65,111,001)	51,844,736	248,297,703

	June 30, 2016	Financing cash inflows	Financing cash outflows	Non cash changes	June 30, 2017
	Rupees				
Long-term finances	91,528,415	1,614,900	(6,459,600)	7,537,940	94,221,655
Liabilities against assets subject to finance lease	102,088,350	-	(47,853,730)	14,200,243	68,434,863
Dividend payable	3,380,903	-	(1,173,321)	-	2,207,582
	196,997,668	1,614,900	(55,486,651)	21,738,183	164,864,100

44. Corresponding figures

44.1 The preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications have been made during the year:

Description (Rupees)	Reclassi fied from	Reclassi fied to	2017 (Rupees)
Unclaimed Dividend	Trade and other payables	Unclaimed dividend (presented on face of statement of financial position)	2,207,582

44.2 There are cetain figures that are recalssified for the better presentation in the financial statements, below are the details:

Description (Rupees)	Reclassi fied from	Reclassi fied to	2017 (Rupees)
Operating income on trading of raw material	Other income	Sales - net Cost of sales	222,787,102 166,537,726

45. GENERAL

45.1 Non - Adjusting event after statement of financial position date

The Board of Directors in its meeting held on October 03, 2018 have proposed issuance of bonus shares @10% (i.e. one share for every 10 shares held) for approval of the members in Annual General Meeting.

45.2 Date of authorization for issue

These financial statements were authorized for issue on October 03, 2018 by the Board of Directors of the Company.

Chief Executive	Chief Financial Officer	Director

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
350	1	100	25,479
837	101	500	380,577
103	501	1000	101,400
93	1001	5000	233,053
15	5001	10000	126,600
8	10001	15000	102,950
16	15001	20000	311,400
5	20001	25000	118,500
4	25001	30000	114,085
1	30001	35000	32,500
1	45001	50000	50,000
2	50001	55000	107,547
1	55001	60000	59,000
1	60001	65000	65,000
2	70001	75000	148,400
3	75001	80000	240,000
1	80001	85000	81,500
1	95001	100000	100,000
1	105001	110000	107,500
1	115001	120000	118,500
1	160001	165001	165,000
1	170001	175000	173,900
1	220001	225000	221,300
1	295001	300000	300,000
1	360001	365000	364,980
2	375001	380000	375,588
1	415001	420000	418,143
1	445001	450000	450,000
1	610001	615000	611,700
2	880001	885000	1,762,478
2	965001	970000	968,692
1	1145001	1150000	1,150,000
1	1910001	1915000	1,910,966
1	2510001	2515000	2,512,838
1	4035001	4040000	4,038,424
1463			18,048,000

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Associated Companies, Undertaking, and Related Parties	1	1,150,000	6.372
Directors, CFO & their Spouse & Minor Children	10	11,047,774	61.213
Joint Stock Companies	6	1,801	0.010
Bank, Development Finance Institutions Insurance Companies, Modarabas	3	169,400	0.939
Individuals	1443	5,679,025	31.466
	1463	18,048,000	100.00

Categories of Shareholders	No. of Shareholders	Shares held	Percentage
Associated Companies, Undertaking			
and Related Paraties	1		
Mr. Omar Idrees Allawala		1,150,000	6.372
Directors, CFO & their Spouse and			
Minor Children	10		
Mr. S. M. Idrees Allawala		500	0.003
Mr. S. M. Mansoor Allawala		1,910,966	10.588
Mr. Kamran Idrees Allawala		2,512,838	13.923
Mr. Naeem Idrees Allawala		4,038,424	22.376
Mr. Rizwan Idrees Allawala		881,239	4.883
Mr. Omair Idrees Allawala		881,239	4.883
Mr. Muhammad Israil		2,000	0.011
Mr. Muhammad Saeed		80,000	0.443
Mrs. Saba Kamran W/o Kamran Idrees Allawala		375,588	2.081
Mrs. Ambreen Mansoor W/o S. M. Mansoor Allawala		364,980	2.022
Executive	-	-	-
Joint Stock Companies	6	1,801	0.010
NIT & ICP	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	3	169,400	0.939
Shareholders holding 5% or more voting interest			
Mr. S. M. Mansoor Allawala		1,910,966	10.588
Mr. Kamran Idrees Allawala		2,512,838	13.923
Mr. Naeem Idrees Allawala		4,038,424	22.376
Mr. Omar Idrees Allawala		1,150,000	6.372
Mr. Muhammad Iqbal		968,692	5.367

میں 30 جون 2018ء کو اختتام پذیر ہونے والے سال پر آپ کی کمپنی اور بورڈ آف ڈائریکٹرز کا جائزہ پیش کرنے پر مسرت محسوس کررہا ہوں۔

آپ کی کمپنی کے ڈائریکٹرز قابل اطلاق قواعد وضوابط جو موثر گورنینس کے لئے ضروری ہیں ان سے متعلق اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔ بورڈ کی کارکردگی کی جانچ پڑتال جو کوڈ آف پوریٹ گورنینس 2017ء کے مطابق ایک لسٹڈ کمپنی کے لئے ضروری ہیں اس کا مقصد نہ صرف بورڈ کی مجموعی کارکردگی بلکہ کاپوریٹ گورنینس کے بہترین طریقہ کار کے مطابق کمپنی کے امور بھی ہیں۔ زیر جائزہ سال میں، بورڈ کی جانچ پڑتال کی بنیاد پر مجموعی کارکردگی قابل اطمینان ہے۔ مالی سال 18-2017ء میں ٹو بورڈ میٹنگز کا انعقاد ہوا۔ بورڈ نے اپنا نقطہ نظر اور مقاصد کو واضح بیان کیا ہے، اور مناسب پالیسیوں اور طریقہ کار کی تشکیل میں سرگرمی سے شامل ہے تاکہ تمام قانونی تقاضوں کو پورا کیا جائے۔ یہ ذیلی کمیٹیوں کی کارکردگی پر بھی نگاہ رکھتا ہے اور اخلاقی رویے کو برقرار رکھنے، بہتر ہنرمندی، مصنوعات کے معیار، اعلی و عمدہ طریقہ سے اختیارات کا استعمال اور مستحکم طریقہ کار پر کاربند ہے۔ اس سال بورڈ نے دیگر امور کے ساتھ سہ ماہی، ششماہی، نوماہی اور سالانہ مالیاتی گوشوارے بغور جائزہ لے کر منظور کیے، ایکسٹرنل آڈیٹرز کے تقرر، ڈیوڈنڈ کی تقسیم اور مالی معاملات کی بھی منظوری دی۔

سپننگ سیکٹر کے دیرینہ مسائل جیسا کہ مہنگی توانائی، درآمدی خام مال پر ڈیوٹی اور ٹیکس، ڈیوٹی ڈرابیک اور ٹیکس کی واپسی، تکنیکی نمو میں تعاون اور بڑھتی ہوئی شرح سود بدستور حکومت کی توجہ کے طالب ہیں۔ ان مسائل کے باوجود آپ کی کمپنی زیدجائزہ سال میں آمدات کو دگنا کرنے میں کامیاب رہی۔ چین پاکستان اکنامک کوریڈور CPEC کے تحت توانائی اور دیگر منصوبوں پر ہونے والی پیشرفت پر مجھے امید ہے کہ ان سے مستقبل قریب میں ملکی معیشیت کو گراں قدر فائدہ ہوگا۔ یہ بھی خوش آئند ہے کہ نئی حکومت بھی CPEC منصوبوں پر کاربند ہے اور اس نے سعودی عرب کو بھی ان میں شامل ہونے کی دعوت دی ہے۔ روس سے قدرتی گیس خریدنے کا فیصلہ بھی توانائی کی طلب اور رسد کے فرق میں کمی کرنے کے لئے ایک اچھا قدم ہے۔

اس موقع پر میں یہ کہنا چاہتا ہوں کہ بورڈ ملازمین کے کام کو قدر کی نگاہ سے دیکھتا ہے۔ مزید براں شیئر ہولڈرز، گاہکوں، سپلائرز اور مالیاتی اداروں کے تعاون اور اعتماد پر ان کا مشکور ہے۔

کراچی۔ 3 اکتوبر 2018

محمد ادریس اللہ والا
چیئرپرسن

نرخ کم تھے۔ تاہم تیل کی قیمتیں بڑھنے اور روپے کی قدر گرنے سے آر ایل این جی کی قیمتیں آسمان کو جا پہنچی ہیں۔ اس کے علاوہ آئی ایم ایف کے قرضے کے حصول کی صورت میں، یہ غالب امکان ہے کہ حکومت امدادی قیمتوں میں کمی کرنے کی اصلاحات پر عمل درآمد کرے، توانائی کی صنعت میں اصلاحات، ٹیکس میں اضافہ، ریاستی اداروں کی نجکاری اور سرکاری اخراجات میں کمی کرے۔ علاوہ ازیں زیادہ شرح سود کے پیش نظر GDP کی بڑھوتری میں سست روی ہوسکتی ہے۔ تاہم نئی حکومت کی طرف سے مستحکم معاشی پالیسی سازی کی توقع ہے جوکہ چین پاکستان اقتصادی کوریڈور CPEC کو جاری رکھے۔ چوں کہ ان اقدامات کو ابتدا ہی سے تمام تر سیاسی پزیرائی حاصل ہے۔ سعودی عرب کی CPEC میں شمولیت سے نہ صرف اس کی رفتار بڑھ جائے گی بلکہ منصوبہ بندی کے فوائد جلد ہی ہمارے لوگوں کو ملنا شروع ہوجائیں گے۔ دوسرے متعلقہ مسائل جن پر حکومت کی خاص توجہ درکار ہے، وہ یہ ہیں: (ا) سرکلر قرضے کا انتظام (ب) بجلی پیدا کرنے کے لئے فرنس آئل کا کم سے کم استعمال (ج) تھرمل پلانٹس کی جگہ ہائیڈل پاور پلانٹس لگانا جن کی فی یونٹ قیمت کم ہے اور ماحول دوست بھی ہیں۔ (د) ذرائع ابلاغ پر تشہری مہم کے ذریعے توانائی بچانے کی اہمیت اجاگر کی جائے۔ (ر) درآمدی وسکوس بلاٹیکس یقینی بنائی جائے۔

ان دشواریوں پر قابو پانے کے لئے، آپ کی کمپنی کی انتظامیہ لاگت میں کمی اور پیداوار میں اضافہ کے لئے مسلسل کام کررہی ہے۔ مالی سال 18-2017ء میں کمپنی کی برآمدی فروختگی دوگنا ہوگئی۔ چین کی مارکیٹ میں دھاگے کی طلب میں اضافہ کی صورت میں ہم برآمدات کے حجم میں مزید اضافہ کی امید کرتے ہیں۔

اظہار تشکر

ڈائریکٹران مالیاتی اداروں، سپلائرز، اور گاہکوں کے تعاون کے مشکور ہیں اور ملازمین کی کاوشوں کی قدر کرتے ہیں۔

03 اکتوبر 2018ء	نعیم ادریس اللّٰہ والا	ایس ایم منصور اللّٰہ والا
کراچی	ڈائریکٹر	چیف ایگزیکٹو

کمپنی کی ساکھ برقرار رہے اور نقصان سے بچا جا سکے۔ کمپنی ادائیگیوں کے انتظام کے لیے مناسب نقد اور بنک بیلینس اور قرضوں کی دستیابی مہیا رکھتی ہے۔

مارکیٹ کا خدشہ

مارکیٹ کا خدشہ وہ خدشہ ہے جس میں مارکیٹ کے نرخ، حصص کی قیمتیں، غیر ملکی کرنسی کی شرح تبادلہ اور سود کی شرح میں تبدیلی، کمپنی کی آمدنی یا مالی قرضہ جات پر اثر انداز ہوتے ہیں۔ مارکیٹ کی شرح سود میں تبدیلیوں سے بنیادی طور پر کمپنی کے مختصر مدت کے قرضوں، لیز کردہ کے اثاثوں کی ادائیگیوں، یا دوسرے مالی اثاثوں اور منافع بخش بنک کھاتوں پر اثرات مرتب ہوتے ہیں۔

آڈیٹرز

موجودہ ریٹائرڈ ہونیوالے آڈیٹرز میسرز ڈیلائٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس نے اہلیت کی بنیاد پر مالی سال 19-2018ء کی بابت دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی کی میٹنگ، جو اکتوبر 2، 2018ء کو منعقد ہوئی تھی میں بھی ان کی دوبارہ تقرری کرنے کی تجویز دی گئی ہے۔

مستقبل پر نظر

سال کے اختتام کے بعد اسٹیٹ بنک آف پاکستان نے شرح سود میں دو مرتبہ اضافہ کیا ہے، جواب 8.50 فیصد ہے۔ اس سے قرضوں کی لاگت میں نمایاں اضافہ ہوگا۔ ٹیکسٹائل انڈسٹری میں نقد زر کی بہتری کے لئے زیر التواء ڈیوٹی ڈرا بیک کے بقایا جات، سیلز ٹیکس کی واپس ادائیگی، تکنیکی نمو کی امداد وغیرہ کی ادائیگی جلد کی جانی چاہیے۔ کپاس کے نرخوں میں بڑھوتری کا رجحان دیکھا جا رہا ہے۔ جب تک دھاگے کی قیمتوں میں اسی تناسب سے اضافہ نہیں ہوگا، منافع کی شرح بظاہر دباؤ میں رہے گی۔ کاروبار کی لاگت میں اضافہ کی وجہ سے ٹیکسٹائل کی صنعت میں نئی سرمایہ کاری کا فقدان ہے۔ چونکہ یہ صنعت ملازمتوں، برآمدات اور آمدنی میں بڑی معاون ہے اس لئے اس کی توانائی کی ضرورت کو پورا کرنے کے لئے ایک خصوصی نرخ کا اعلان کیا جانا چاہیے تاکہ پیداواری لاگت کم ہو۔ بلاشبہ، موجودہ خسارے اور براہ راست ملکی و غیر ملکی سرمایہ کاری کی کشش کے لئے برآمدی نمو اور ترقی اہمیت کی حامل ہے۔ روس سے قدرتی گیس خریدنے کا فیصلہ توانائی کی طلب و رسد کے فرق کو کم کرنے کے لئے اچھا قدم ہے۔ تقسیم کے نظام میں چوری اور سبسڈی کی وجہ سے صنعتی نرخ علاقائی ممالک کے مقابلے میں بہت زیادہ ہیں۔ ان عوامل پر قابو پا کر بجلی 7 روپے فی یونٹ تک میں صنعت کو فراہم کی جا سکتی ہے۔ ہمیں عالمی سطح پر پاکستان کو ایک ماحول دوست کارخانہ دار کے طور پر فروغ دینا ہے تاکہ مارکیٹ میں اپنا حصہ بڑھا سکیں۔

ٹیکسٹائل کی صنعت میں آر ایل این جی سے توانائی پیدا کرنے کی وجہ سے بھی پیداواری لاگت میں اضافہ ہوا ہے۔ درآمدی آر ایل این جی پر مستعمل توانائی کے پلانٹ منفعت بخش نہیں رہے۔ ماضی قریب میں خام تیل کی کم قیمتوں کی وجہ سے اس کے

نان ایگزیکٹیو ڈائریکٹران کے لئے معاوضہ کی پالیسی کے نکات

نان ایگزیکٹیو اور انڈیپینڈنٹ ڈائریکٹرز صرف کمپنی اجلاسوں میں شرکت کی فیس کے حقدار ہیں۔

بورڈ کا جائزہ

کوڈ آف کارپوریٹ گورننس ریگولیشن 2017 کے مطابق، بورڈ نے ڈائریکٹرز کی کارکردگی کے جائزے کے لئے ایک طریقہ کار وضع کیا ہے۔ زیر جائزہ سال میں ایک جامع سوالنامہ تمام ڈائریکٹرز کو دیا گیا ہے۔

کارپوریٹ کی سماجی ذمہ داری (CSR)

ایک اچھا کارپوریٹ شہری ہونا کمپنی کے لئے اہمیت کا حامل ہے اور ہم پر حب الوطنی پر یقین رکھتے ہیں مزید براں معاشرے کے پسماندہ اور محروم طبقے کی فلاح و بہبود کے لئے حصے دار ہیں۔ ہم کئی تنظیموں کی، جو کہ تعلیم اور صحت کے میدان میں انسانیت کی خدمت کر رہی ہیں، مدد کرتے ہیں۔ انتظامیہ یہ بھی یقینی بناتی ہے کہ کام کی جگہ پر صحت، حفاظت اور ماحول کے سلسلے میں اچھے طریقے اختیار کیے جائیں۔ ہم ملازمین کی ان سرگرمیوں میں شرکت کی حوصلہ افزائی بھی کرتے ہیں۔

بنیادی خطرات اور غیر یقینی صورتحال

مالیاتی خدشات

بورڈ کمپنی کے مالیاتی خدشات کے انتظام کے قیام اور نگرانی کی ذمہ داری سے مکمل طور پر آگاہ ہے۔ اس نگرانی کی ذمہ داری کو سرانجام دینے میں بورڈ کی مدد کے لئے، کمپنی کے مالیاتی خدشے کے تعین، نگرانی و انتظام کے لئے انتظامیہ کو ذمہ دار قرار دیا گیا ہے جو کہ، بوجہ مالی معاملات، ادھار کے خدشات، فراہمی زر اور منڈی کے خدشات ہیں۔

ادھار کا خدشہ

قرضے کا خدشہ یہ ہے کہ کوئی ایک پارٹی مالی دستاویز سے عہدہ براء ہونے میں ناکام رہے اور دوسری پارٹی کو مالی نقصان ہو جائے۔ قرضے کا خدشہ اس وقت بڑھ جاتا ہے جب ایک ہی پارٹی کے ساتھ کئی مالی معاہدے کیے جائیں یا پارٹیاں ایک ہی طرح کی کاروباری سرگرمیوں میں ملوث ہیں یا یہ سرگرمیاں ایک علاقے میں ہیں یا ایک ہی قسم کی اقتصادی خصوصیات ہیں جو کہ اس طرح کے معاشی، سیاسی یا دیگر حالات میں معاہدوں کی پاسداری متاثر کرتے ہوں۔

فراہمی زر کا خدشہ

اس سے مراد وہ خدشہ ہے کہ کمپنی مالی ذمہ داریوں کے پورا کرنے میں دشواریوں کا سامنا کرے جو کہ نقد یا دوسرے مالی اثاثے فراہم کر کے پوری ہوتی ہوں۔ کمپنی کا نقطہ نظر یہ یقینی بنانا ہے کہ ادائیگیوں کے لیے ہمیشہ مناسب وسائل ہوں تا کہ

کامران ادریس اللّہ والا	09	06	01
نعیم ادریس اللّہ والا	07	۔	۔
رضوان ادریس اللّہ والا	09	06	01
عمیر ادریس اللّہ والا	08	۔	۔
محمد اسرائیل	09	06	۔
محمد سعید	09	06	01

۱۱۔ اس سال کمپنی کے سی ای ،ڈائریکٹرز اوران کے یا ان کی ازواج نے حصص کی کوئی تجارت نہیں کی۔

۱۲۔کمپنی کی آڈٹ کمیٹی کے ممبران بورڈ آف ڈائریکٹرز میں سے ہیں۔جس کا چیئر مین انڈیپنڈنٹ ڈایئریکٹر ہے۔

۱۳۔ہم نے ایک کاروباری حکمت عملی اور اخلاقیات سے متعلق ایک بیانیہ تمام ڈایئریکٹرز اور ملازمین میں تقسیم کیا ہے۔

۱۴۔بورڈ مکمل کارپوریٹ حکمت عملی اور حصول مقاصد کے بیانیہ پر کاربند ہے۔

کوڈ آف کارپوریٹ گوورننس

کمپنی نے کوڈ کی ہدایات کو احسن طریقے سے اپنایا ہے اور اس پر عمل پیرا ہے ماسوائے اس کے کہ چیف فنانشل آفیسر اور ہیڈ آف انٹرنل آڈٹ کی موزونیت کی درخواست کمپنی نے ایس ای سی پی کو مالی سال کے بعد دی ہے۔بورڈ کی ساخت، کمیٹیوں اور نان ایگزیکٹیو و انڈیپینڈنٹ ڈائریکٹرز کی تفصیلات مارچ 2018ء کی رپورٹ میں شامل نہیں تھیں۔ہم نے فوری طور پر اس کمی کے خاتمہ کے اقدامات کیے ہیں۔ ہم اس کا اعادہ کرتے ہیں کہ COCG کی مکمل پاسداری کمپنی کی بنیادی پالیسی کا اہم جز ہے۔ کوڈ آف کارپوریٹ پر عمل درآمد کا بیان اس رپورٹ کے ساتھ منسلک ہے۔

بورڈ کی ساخت درج ذیل ہے:

تفصیل	ڈائریکٹران کی تعداد
(ا) مرد	۰۸
(ب) عورت	۰۰

ساخت

۔ انڈیپنڈنٹ ڈائریکٹر	۰۱
۔نان ایگزیکٹیو ڈائریکٹرز	۰۴
۔ایگزیکٹیو ڈائریکٹرز	۰۳

۱۔ مالیاتی گوشوارے جیسا کہ کمپنی کی انتظامیہ نے بنائے کمپنی کے معاملات اس کے نتائج زری معاملات اور ایکویٹی میں تبدیلی کو راست انداز میں پیش کرتے ہیں۔

۲۔ کمپنی کے کھاتوں کے درست حسابات رکھے گئے ہیں۔

۳۔ مالیاتی گوشواروں کی تیاری میں مستقل مناسب اکاؤنٹنگ پالیسیز کا اطلاق کیا گیا ہے اور حسابات کے گوشوارے مناسب عاقلانہ فیصلوں پر مبنی ہیں۔

۴۔ مالیاتی حسابات کی تیاری میں، پاکستان میں مستعمل بین الاقوامی مالیاتی رپورٹنگ کے معیارات (آئی ایف آر ایس) کا خیال رکھا گیا ہے اور ان سے کسی بھی قسم کے انحراف کو مناسب انداز میں ظاہر کیا گیا ہے۔

۵۔ بورڈ نے اپنی ذمہ داری نبھاتے ہوئے انٹرنل فنانشل کنٹرول مناسب اور موثر بنایا ہے۔ انٹرنل آڈٹ ڈیپارٹمنٹ باقاعدگی سے ساخت اور موثر ہونے کا جائزہ لیتا ہے اور کسی بھی کمزوری پر اصلاحاتی کاروائی عمل میں لائی جاتی ہے۔ ہمیں یقین ہے کہ انٹرنل کنٹرول کا نظام ساخت کے اعتبار سے مستحکم ہے اور اس پر موءثر انداز سے عمل درآمد کیا گیا ہے۔

۶۔ کمپنی کے فعال انداز سے کارگزار ہونے کی صلاحیت پر کسی قسم کے کوئی شکوت وشبہات موجود نہیں ہیں۔

۷۔ کارپوریٹ گورننس کے بہترین طریقہ عمل سے کسی قسم کا قابل ذکر انحراف نہیں ہوا ہے، جیسا کہ پی ایس ایکس کی رول بک میں بیان کیا گیا ہے۔

۸۔ ہیڈ آفس اسٹاف کے ایمپلائز پروویڈینٹ فنڈ میں سرمایہ کاری کی مالیت آڈٹ شدہ گوشوارے 2017 کے مطابق صرف 19،053،398 روپے ہے (سال 2016 میں 15،657،680 روپے) مل سٹاف قانونی طور پر گریجوٹی کے حقدار ہیں اور اخراجات مناسب طور پر مالیاتی گوشواروں میں مختص کر لئے گئے ہیں۔

۹۔ کوڈ کے مطابق درج ذیل معلومات اس رپورٹ کے ساتھ منسلک ہیں:

شیئر ہولڈنگ کی ترتیب کا متن

ایسوسی ایٹس ادارے اور متعلقہ پارٹیوں کے شیئر ہولڈنگ کا بیانیہ

چھ سالوں کی کلیدی، مالیاتی وکارگذاری کی شماریات۔

۱۰۔ زیر جائزہ سال میں نو بورڈ آف ڈائریکٹرز، چھ آڈٹ کمیٹی، اور ایک ہیومن ریسورس اینڈ ریموزیشن کمیٹی (HR & RC) کی میٹنگز ہوئی ہیں جن کی حاضری اور تفصیل درج ذیل ہے۔

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر آر سی
ایس ایم ادریس اللّٰہ والا	09	-	-
ایس ایم منصور اللّٰہ والا	08	-	-

آپ کی کمپنی کے ڈائریکٹران ۳۰ جون 2018ء کے ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشوارے پیش کرنے میں مسرت محسوس کرتے ہیں۔

عملی اور مالیاتی کارکردگی کا جائزہ

کمپنی کی بنیادی سرگرمی دھاگے اور کپڑے کی پیداوار اور فروختگی ہے۔ زیر جائزہ سال میں کاروباری سرگرمیوں کوئی اہم تبدیلی نہیں ہے۔
زیر جائزہ مدت کے دوران خالص فرخت کی مالیت 1ء 2,881 ملین روپے رہی جبکہ تقابلی مدت میں 1ء2,438 ملین روپے تھی۔ براہ راست منافع 3ء237 ملین روپے رہا جبکہ تقابلی مدت میں یہ 6ء286 ملین روپے تھا۔ بعد از ٹیکس منافع 4ء78 ملین روپے رہا جبکہ پچھلے سال اسی مدت میں 3ء87 میلین روپے تھا۔
تمام تر دشواریوں کے باوجود آپ کی کمپنی کی انتظامیہ اپنی برآمدات دگنی کرنے میں کامیاب رہی جو مالیاتی سال ۲۰۱۷ء میں 338 ملین روپے تھی بڑھ کر 3ء666 ملین روپے ہوگئی ۔ ٹیکسٹائل کی صنعت کی کاروباری لاگت بے حد بڑھ گئی ہے جو کہ دوسرے علاقائی برآمد کنند گان کے مقابلے میں ایک جہد مسلسل ہے۔ مائع قدرتی گیس (آر ایل این جی) کے نرخ بالا آخر اس حد تک بڑھ گئے ہیں کہ وہ اب واپڈا کی فراہم کردہ بجلی کی قیمتوں سے بھی تجاوز کرتے ہیں۔ جب حکومت نے آر ایل این جی کی صنعت کو فراہمی کا فیصلہ کیا کہ پاور پلانٹ سے بجلی پیدا کی جائے گی تو اس کو ٹیکسٹائل کی صنعت کی حوصلہ افزائی قرار دیا گیا۔ ماضی قریب میں آر ایل این جی سے بجلی بنانے کی قیمت واپڈا کے نرخوں سے کم تھی۔ لیکن اب ایسا نہیں ہے۔ اب اس کی دستیابی کا فائدہ پیداواری لاگت میں کمی کا باعث نہیں ہے۔ ٹیکسٹائل کی صنعت کو گیس اور بجلی کی مسلسل اور ارزاں نرخوں پر فراہمی حکومت کی ترجیحات ہونی چاہیئے۔ اسٹیٹ بنک آف پاکستان کے شرح سود میں اضافے سے مالیاتی قرضوں کی لاگت بھی بڑھ گئی ہے جو کاروبار کے لئے براشگون ہے۔ علاوہ ازیں، زیر التواء ڈیوٹی ڈرابیک، سیلز ٹیکس کے ریفنڈز، ٹیکنالوجی کے نموکی مد میں امداد وغیرہ وغیرہ ٹیکسٹائل صنعت کے نقدزر کے بہاؤ پر دباؤ بڑھا رہے ہیں۔ ایف بی آر، ٹیکسٹائل کی وزارت اور مالیاتی امور کی وزارت کو یہ مسئلہ مناسب طریقے سے حل کرنا چاہیے۔

فی حصص آمدنی

اس سال فی حصص منافع 34ء4 روپے رہا جبکہ تقابلی مدت میں 84ء4 روپے تھا۔

ڈیویڈنڈ

کمپنی کے ڈائریکٹران، مسرت کے ساتھ مکمل اداشدہ %10 @ اضافی حصص یعنی ۱ (ایک) عام حصص ہر دس (۱۰) حصص کے لئے دینے کی تجویز دی ہے ۔ (%5 :2017 یعنی 50 پیسے فی حصص نقد ڈیویڈنڈ)

کارپوریٹ اور مالیاتی رپورٹنگ پر گزارشات

ادریس ٹیکسٹائل ملز لمیٹڈ

نوٹس برائے سالانہ جنرل میٹنگ

مطلع کیا جاتا ہے کہ ادریس ٹیکسٹائل ملز لمیٹڈ کے شیئر ہولڈرز کا 29 واں سالانہ اجلاس عام مورخہ 27 اکتوبر 2018 بروز ہفتہ بوقت شام 6:30 بجے، سدا بہار، 53، کوکن سوسائٹی عالمگیر روڈ/حیدر علی روڈ کراچی پر درج ذیل کاروباری امور کیلئے منعقد ہوگی۔

عمومی امور:

1- کمپنی کے سالانہ اجلاس عام منعقدہ 28 اکتوبر 2017 کی کاروائی کی توسیق کرنا۔

2- کمپنی کے 30 جون 2018ء کو ختم شدہ سال کے آڈٹ شدہ حسابات کے گوشوارے اور ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹوں کی وصولی اور غور کرنا۔

3- آئندہ سال مورخہ 30 جون 2019ء کیلئے آڈیٹرز کا تقرر اور ان کے صلہ خدمت کا تعین۔ موجودہ آڈیٹرز میسرز Deloitte یوسف عادل' چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہل ہونے کی بناء پر اپنے آپ کو دوبارہ تقرری کیلئے پیش کیا ہے۔

4- غور کرنے اور اگر مناسب ہو، ایک عمومی قرارداد کے طور پر مندرجہ ذیل امور کی منظوری:

''قرار پایا

a- یہ کہ 10 فیصد مکمل طور پر ادا شدہ بونس حصص بورڈ کی سفارشات سے جاری کیے جاتے ہیں، یعنی ہر 10 عمومی شیئرز کیلئے ایک حصے کے تناسب سے ایسے ممبران کیلئے جن کا نام مورخہ 23 اکتوبر 2018 پر کاروبار بند ہوتے وقت رجسٹر رہو، سرمایہ کاری/18,048,000 روپے کمپنی کی جانب سے مخصوص/1,804,800 عمومی شیئرز 10 روپے فی حصص۔

b- یہ بونس حصص، کمپنی کے موجودہ حصص کے مساوی ہونگے لیکن ختم ہونے والے سال 30 جون 2018 کیلئے اعلان کردہ ڈیویڈنٹ کے اہل نہیں ہوں گے۔

c- کمپنی کے ایسے ارکان جن کے پاس حصص کی اتنی تعداد ہے کہ ان کے بونس حصص مکمل اکائی کی صورت میں نہیں بنتے ایسے بونس حصص کو مکمل اکایوں کی شکل میں جمع کر دیا جائے۔ کمپنی کے ڈائریکٹر کو یہ اختیار دیا جاتا کہ وہ ان جمع شدہ حصص کو اوپن مارکیٹ میں فروخت کر سکتے ہیں اور فروخت حاصل ہونے امدانی کو بورڈ کی طرف سے منظور کردہ کسی خیراتی ادارے دے دیں۔

d- چیف ایگزیکیٹو اور کمپنی سیکریٹری مذکورہ بالا شیئرز بونس اور فروخت کے حصوں کی الاٹمنٹ اور تقسیم' اس کے علاوہ مشترکہ طور پر ان قراردادوں پر عمل درآمد کرنے اور ان تمام کاموں اور عملوں کو انجام دینے کے مجاز ہوں گے' جو ممکنہ طور پر ضروری ہو سکتے ہیں۔

05- کسی دیگر کاروبار پر غور کرنا چیئرمین کی اجازت سے مشروط ہوگا۔

بحکم بورڈ

سید شاہد سلطان

کمپنی سیکریٹری

کراچی مورخہ 03 اکتوبر 2018

نوٹ:

- شیئرز ہولڈرز کو مشورہ دیا جاتا ہے کہ اپنے پتوں میں تبدیلی سے آگاہ کریں۔
- کمپنی کی شیئرز ٹرانسفر بکس مورخہ 24 اکتوبر 2018 سے 01 نومبر 2018ء (بشمول دونوں ایام) بند رہیں گی۔
- اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا/ کی حقدار ممبر اپنی جگہ سالانہ اجلاس میں شرکت اور ووٹ دینے کیلئے دوسرے/دوسری ممبر کو اپنا/اپنی پراکسی مقرر کر سکتا/ کر سکتی ہے۔
- پراکسیز مئوثر ہونے کیلئے ضروری ہے کہ وہ قابل میعاد ہوں جو کمپنی کے رجسٹرڈ دفتر پر اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جائیں۔
- سینٹرل ڈیپازٹری سسٹم میں کمپنیز شیئرز کیلئے اکاؤنٹ ہولڈرز یا سب اکاؤنٹس ہولڈرز' جو اجلاس میں شرکت کے خواہشمند ہوں انہیں اجلاس میں شرکت کے وقت اپنی شناخت کو ثابت کرنے کیلئے اپنا اصل قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھانا ہوگا۔ پراکسی کی صورت میں یہ اکاؤنٹ ہولڈرز اور سب اکاؤنٹ ہولڈرز درج بالا سرکلر نمبر 1 بتاریخ 26 جنوری 2000 جاری کردہ سیکورٹیز اور ایکسچینج کمیشن آف پاکستان کے مطابق پیروی کریں گے۔
- ایسے ممبران جنہوں نے ابھی تک اپنے CNIC اور NTN سٹرفکیٹ کی کاپیاں کمپنی رجسٹرار کو جمع نہیں کرائی ہیں ان سے درخواست ہے کہ وہ جلد از جلد جمع کروائیں۔
- ایسے ممبران جو ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتے ہیں تو وہ سالانہ اجلاس عام سے 10 دن قبل اپنے درخواست رجسٹرڈ پتے پر جمع کرادیں۔ اگر کمپنی جغرافیائی محل وقوع میں رہنے والے مجموعی 10 فیصد یا اس سے زیادہ حصہ داری میں منعقد ہونے والے ممبران سے رضامندی حاصل کرتی ہے تو کمپنی شہر میں اس طرح کی سہولیات کی دستیاب کیلئے ویڈیو کانفرنس کی سہولیات کا بندوبست کرے گی۔
- کمپنی ویڈیو کانفرنس کی سہولیات کے مقام کے بارے میں میٹنگ کی تاریخ سے 5 دن قبل اس طرح کی سہولیات پہنچانے کے لیے ضروری معلومات حاصل کرے گی۔

میں/ہم ____________ کے ____________ ادریس ٹیکسٹائل ملز لمیٹڈ کے ممبران کی حیثیت سے حامل ____________ عمومی شیئرز

رجسٹرار CDC/فولیو نمبر ________ کے مطابق ویڈیو کانفرنس کی سہولت واقع ____________

- SECP کمپنیز (ای ووٹنگ) ریگولیشن 2016 کے تحت ممبران کو بذریعہ ای۔ ووٹنگ ووٹ ڈالنے کا حق حاصل ہے جو انہیں کمپنی کے اجلاس کی تاریخ سے 10 دن قبل تحریری رضامندی پراکسی کے طور پر مقررہ ایگزیکٹیو آفیسر کی جانب سے ہوگی۔
- ممبران سے درخواست ہے کہ وہ اپنے انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) بمعہ کمپیوٹرائزڈ شناختی کارڈ (CNIC) ہمارے ریکارڈ میں اپ ڈیٹ کروائیں۔ اپ ڈیٹ نہ کروانے کی صورت میں مستقبل کے تمام ڈیویڈنٹ کی ادائیگی روک دی جائیگی۔

پراکسی فارم

سیکریٹری
ادریس ٹیکسٹائل ملز لمیٹڈ
اسمٰعیل سینٹر، پہلی منزل
6-C، سینٹرل کمرشیل ایریا
بہادرآباد، کراچی - 74800

میں/ہم ________________________________
ساکن ________________________________
بحیثیت رکن ادریس ٹیکسٹائل ملز لمیٹڈ مقرر کرتا ہوں/کرتے ہیں مسمیٰ/مسماۃ ________________
ساکن ________________________________
کو یا ان کی غیر حاضری میں مسمیٰ/مسماۃ ________________________
ساکن ________________________________
کو جوخود بھی ادریس ٹیکسٹائل لمیٹڈ کا رکن ہے کہ وہ بطور میرا/ ہمارا مختار نامہ (پراکسی) ادریس ٹیکسٹائل لمیٹڈ کے ۲۹ ویں سالانہ اجلاس عام میں جو بروز ہفتہ، ۲۷ اکتوبر ۲۰۱۸ کو منعقد ہو رہا ہے، یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری/ ہماری جگہ میری/ ہماری طرف سے حق رائے دہی استعمال کرے۔

بطور گواہ میرے دستخط آج مورخہ ________________ ۲۰۱۸ جاری ہوا۔
دستخط متعلقہ پراکسی ________________________ کی موجودگی میں۔

گواہ ۱	گواہ ۲
دستخط ________________	دستخط ________________
نام ________________	نام ________________
پتہ ________________	پتہ ________________

ممبر فولیو نمبر ________________ CDC شراکت داری نمبر ____________ I.D./Sub A/c No.
شناختی کارڈ نمبر | | | | | | | | | | | | | | | |

ہدایات : یہ مختار نامہ (پراکسی فارم) مکمل پُر شدہ اور پانچ روپے کی ریوینیو ٹکٹ پر دستخط شدہ کمپنی کے رجسٹرڈ دفتر میں اجلاس منعقد ہونے سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔

FORM OF PROXY

The Secretary
IDREES TEXTILE MILLS LTD.
Ismail Centre, 1st Floor,
6-C, Central Commercial Area,
Bahadurabad, Karachi - 74800

I/We ______________________________

of ______________________________

being a member of Idrees Textile Mills Ltd. hereby appoint ______________

of ______________________________

or failing ______________________________

of ______________________________

As my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 29th Annual General Meeting of the Company to be held on Saturday October 27, 2018 and at any adjournment thereof.

As witness my hand this ______________________ of 2018

Signed by the said ______________________ in the presence of

1. Witness:

Signature ______________

Name: ______________

Address ______________

Signature on
Five Rupees
Revenue Stamp

____
Signature of Member

2. Witness:

Signature ______________ Shareholder's Folio No. ______________

Name: ______________ CDC Participants I.D./Sub A/C # ______________

Address ______________ CNIC No. | | | | | | | | | | | | | | | |

(Important: This form of Proxy, duly completed and signed across a Rs. 5/-revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting).

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A MEMBER OF THE

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