ANJUM TEXTILE MILLS (PVT) LIMITED.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

INDEPENDENT AUDITORS'REPORT

To the members of ANJUM TEXTILE MILLS (PVT.) LTD.
Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 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 Auditors' Responsibilities for the *Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditors' Report thereon

Management is responsible for the other information. The other information comprises the information in the directors' report, but does not include the financial statements of the company and our auditors' 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.

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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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss, the statement of 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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Amin (FCA).

Zahid Jamil & Co.
Chartered Accountants
Place: Faisalabad
Date: September 28, 2018
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ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	NOTES	2018 RUPEES	2017 RUPEES (Restated)	July 01, 2016 RUPEES (Restated)
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	6	1,026,277,080	777,976,189	765,479,546
Long term deposits	7	6,741,960	7,727,210	7,199,160
		1,033,019,040	785,703,399	772,678,706
CURRENT ASSETS				
Stores and spares	8	46,718,804	34,858,438	32,141,860
Stock in trade	9	223,020,958	191,531,287	127,264,776
Trade debts	10	3,577,481	1,292,361	1,165,024
Loans and advances	11	12,786,933	10,064,119	17,349,686
Other receivables	12	3,392,352	-	-
Trade deposits and short term prepayments	13	3,194,917	3,254,848	3,071,481
Tax refunds due from the Government	14	25,635,098	35,423,664	23,569,564
Cash and bank balances	15	59,713,182	84,769,508	77,543,894
		378,039,725	361,194,225	282,106,285
		1,411,058,765	1,146,897,624	1,054,784,991
EQUITY & LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital				
Authorised				
2,000,000 (2017: 2,000,000) Ordinary shares of Rs. 100/- each		200,000,000	200,000,000	200,000,000
Issued, subscribed & paid up	16	200,000,000	200,000,000	200,000,000
Capital reserves				
Surplus on revaluation of operating fixed assets	17	365,399,857	165,514,918	175,454,993
Revenue reserves				
Unappropriated profit		167,027,578	135,935,155	171,415,214
		732,427,435	501,450,073	546,870,207
NON CURRENT LIABILITIES				
Long term financings	18	144,716,933	190,081,373	110,100,277
Liabilities against assets subject to finance lease	19	3,302,937	1,513,538	3,361,339
Deferred liabilities	20	153,021,165	92,731,677	113,804,704
		301,041,035	284,326,588	227,266,320
CURRENT LIABILITIES				
Trade and other payables	21	59,457,680	93,709,113	93,405,821
Mark-up accrued on loans	22	10,100,231	9,994,930	7,303,369
Short term financings	23	258,717,689	242,171,423	132,916,470
Current portion of non current liabilities	24	49,314,695	15,245,497	47,022,804
		377,590,295	361,120,963	280,648,464
CONTINGENCIES & COMMITMENTS	25	-	-	-
		1,411,058,765	1,146,897,624	1,054,784,991

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES
Sales	26	1,524,575,053	1,387,764,685
Cost of sales	27	1,437,413,682	1,369,085,111
Gross profit		87,161,371	18,679,574
Operating expenses			
Administrative	28	44,553,694	42,179,397
Operating profit / (loss)		42,607,677	(23,499,823)
Other income	29	5,743,537	20,780
Other charges			
Finance cost	30	43,715,323	39,521,633
Workers' profit participation fund		231,795	-
Workers' welfare fund		561,567	-
		44,508,685	39,521,633
Profit / (loss) before taxation		3,842,529	(63,000,676)
Taxation	31	13,658,045	15,985,518
Net profit / (loss) for the year		17,500,574	(47,015,158)

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES (Restated)
Net profit / (loss) for the year		17,500,574	(47,015,158)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit & loss:			
Surplus on revaluation of property plant and equipment-net of tax		214,381,553	-
Remeasurement (loss) / gain of defined benefit liability-net of tax		(904,765)	1,595,024
Total comprehensive income / (loss) for the year		230,977,362	(45,420,134)

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2018

	2018 RUPEES	2017 RUPEES
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	3,842,529	(63,000,676)
Adjustments of non cash / non operating items		
Depreciation	69,789,329	63,521,221
Finance cost	43,715,323	39,521,633
Staff retirement benefits - gratuity	9,458,054	9,965,982
Investment support (TUF) scheme	(3,392,352)	-
Workers' welfare fund	561,567	-
Workers' profit participation fund	231,795	-
(Gain) / Loss on sale of operating fixed assets	(227,369)	1,296,370
Earned finance income	(901,466)	-
	119,234,881	114,305,206
Operating profit before working capital changes	123,077,410	51,304,530
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(11,860,365)	(2,716,578)
Stock in trade	(31,489,671)	(64,266,511)
Trade debts	(2,285,120)	(127,337)
Loans & advances	(2,722,814)	7,285,567
Trade deposits & short term prepayments	59,931	(183,367)
Tax refunds due from the Government	(3,947,402)	(10,892,138)
(Decrease) / increase in current liabilities		
Trade and other payables	(35,564,993)	303,292
	(87,810,434)	(70,597,072)
Cash generated from / (used in) operations	35,266,976	(19,292,542)
Taxes paid	(5,950,065)	(8,227,834)
Staff retirement benefits - gratuity paid	(10,430,677)	(6,192,595)
Finance cost paid	(43,610,022)	(36,830,072)
	(59,990,764)	(51,250,501)
Net cash used in operating activities	(24,723,788)	(70,543,043)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of operating fixed assets	(7,734,454)	(71,651,684)
Proceeds from sale of operating fixed assets	11,206,490	640,000
Capital work in progress	(4,180,247)	(6,302,550)
Long term deposits	985,250	(528,050)
Net cash generated from / (used in) investing activities	277,039	(77,842,284)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Short term financings	16,546,266	109,254,953
Liabilities against assets subject to finance lease	(3,755,839)	(4,405,864)
Long term financings	(13,400,004)	50,761,852
Net cash (used in) / generated from financing activities	(609,577)	155,610,941
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(25,056,326)	7,225,614
Cash and cash equivalents at the beginning of the year	84,769,508	77,543,894
Cash and cash equivalents at the end of the year	59,713,182	84,769,508

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

PARTICULARS	SHARE CAPITAL	CAPITAL RESERVES REVALUATION SURPLUS ON OPERATING FIXED ASSETS	REVENUE RESERVES UNAPPROPRIATED PROFIT	TOTAL
	Rupees			
Balances as at July 01, 2016- As previously reported	200,000,000	-	171,415,214	**371,415,214**
Impact of restatement- Note 5	-	175,454,993	-	**175,454,993**
Balances as on July 01, 2016-restated	200,000,000	175,454,993	171,415,214	**546,870,207**
Net loss for the year	-	-	(47,015,158)	**(47,015,158)**
Other comprehensive gain for the year - net of tax	-	-	1,595,024	**1,595,024**
Total comprehensive loss for the year	-	-	(45,420,134)	**(45,420,134)**
Transfer to unappropriated profit in respect of surplus realized on disposal of assets during the year - net of tax	-	(369,676)	369,676	-
Transfer to unappropriated profit in respect of incremental depreciation for the year - net of tax	-	(9,570,399)	9,570,399	-
	-	(9,940,075)	9,940,075	-
Balances as on June 30, 2017-restated	200,000,000	165,514,918	135,935,155	501,450,073
Net profit for the year	-	-	17,500,574	17,500,574
Other comprehensive income / (loss) for the year - net of tax	-	214,381,553	(904,765)	213,476,788
Total comprehensive income for the year	-	214,381,553	16,595,809	230,977,362
Transfer to unappropriated profit in respect of incremental depreciation for the year - net of tax		(14,496,614)	14,496,614	-
	-	(14,496,614)	14,496,614	-
Balances as on June 30, 2018	**200,000,000**	**365,399,857**	**167,027,578**	**732,427,435**

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1. STATUS AND ACTIVITIES

Anjum Textile Mills (Private) Limited was incorporated in Punjab, Pakistan as on April 12, 1984 as a private limited company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The registered office of the company is situated at west cannal road, adjacent Faisal Garden, Faisalabad, in the Province of Punjab. The manufacturing unit of the company is situated at 42 KM sheikhupura road, Faisalabad, in the Province of Punjab, Pakistan. The principal business of the company is manufacture and sale of yarn.

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the company's statement of financial position and financial performance during the year have been disclosed below:

Transfer from capital work in progress to building and addition in operating fixed assets

The company transferred Rs. 10,482,797/- from capital work in progress to operating fixed assets. (Refer note no. 6)

The company installed electirc spark detector amounting to Rs. 5,222,854/- to avoid any loss due to electric spark. (Refer note no. 6).

Sale and lease back

The company sold and leased back its vehicle to Orix Leasing Pakistan Limited. The transaction resulted in gain of Rs. 3,245,279/- which is deferred over lease term. (Refer note no. 6, 19 and 20)

Change in accounting policy

As referred in note no. 5.1 to the accompanying financial statements, The Companies Act, 2017 (The Act) become applicable for the first time for the preperation of the company's annual financial statement for the year ended June 30, 2018 due to which the Company has changed its accounting policy to account for surplus on revaluation of fixed assets with retrospective effects.

Revaluation of property plant and equipment

Revaluation of the Company's free hold land, building on free hold land, plant and machinery and electric installations and appliances was carried out by independent values on March 09, 2018 on present market value basis. This event has created surplus of Rs. 306,259,361/- during the year and it also resulted in increased deferred tax liability. (Refer note no. 6, 17 and 20)

Increased sales from last year

During the year Company's sales increased by Rs. 136,810,368/- from last year. The gross profit increased from 1.35% to 5.72% and resulted in net profit of Rs. 17.50 million (2017 : net loss Rs. 47.02 million)

3. BASIS OF PREPERATION

3.1. Basis of measurement

These financial statements have been prepared on the basis of "historical cost" convention except certain property, plant and equipment items carried at revaluation and employee retirement benefits carried at present value. Moreover, these financial statements have been prepared on accrual basis except for cash flow statement.

3.2. Statement of compliance

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

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

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

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

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

3.3. Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is functional and presentational currency of the Company and figures are rounded off to the nearest rupee unless otherwise specified.

3.4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In process of applying the Company's accounting policies, the manangement has made following estimates and judgements which are significant to financial statements:

Useful lives, residual values and depreciation method of property, plant and equipment – Note 6
Obligation of defined benefit obligation - Note 20.2
Estimation of contingent liabilities - Note 25
Current income tax expense, provision for current tax -Note 14 and 31.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3.5. New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These 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.

	Effective from accounting period beginning on or after:
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses.	January 01, 2017

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

The Act has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of fixed assets as more fully explained in note 5, change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fifth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

3.6. Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Company

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

	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 transaction.	January 1, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of I FRS 4 and IFRS 9.	January 1, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 1, 2018
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 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 1, 2018
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 1, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 1, 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 1, 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 1, 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 1, 2019

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. Property, plant and equipment

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

Depreciation is charged to income applying the reducing balance method at the rates specified in the property, plant and equipment (Note: 6) Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition or capitalisation and up to the month preceding the month of disposal respectively.

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

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

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

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

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

Surplus arising on revaluation of property, plant and equipment is recognized, in other comprehensive income and credited to the asset revaluation surplus in equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of the assets does not differ materially from the fair value. Accumulated depreciation at the date of revaluation is eliminated against the cost of the asset and net amount is restated to the revalued amount of the asset. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related property, plant and equipment during the year is part of statement of changes in equity.

Gains or losses on disposal of assets, if any, are recognized as and when incurred. Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred by the Company to its un-appropriated profit.

4.2. Leases

4.2.1. Leased assets.

Lease that substantially transfers all the risks and rewards incidental to the ownership of an asset to the Company is classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable for owned assets.

4.2.2. Obligation under finance lease

Total outstanding obligation under the lease arrangements less finance cost attributable to future periods is presented as liability. Finance cost under the lease arrangements is distributed over the lease term so as to produce a constant periodic rate of finance cost on the balance of principal liability outstanding at the end of each period.

4.2.3 Operating leases / Ijarah

Operating leases / Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Muj'ir (lessor) are classified as operating leases / Ijarah. Payments made during the year are charged to the profit and loss account on a straight-line basis over the period of the lease / Ijarah.

4.3. 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned o temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to current year income.

4.4. Trade and other payables

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

4.5. Trade debts and other receivables

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

4.6. Stock in trade

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

Raw Material	
In hand	Weighted average cost
In transit	Invoice value and related expenses incurred upto balance sheet date.
Work in process	Cost of direct material, labor and appropriate manufacturing overheads based on normal capacity.
Finished goods / Waste	Cost or net realisable value, whichever is lower. Net realisable value represents the estimated selling price less estimated cost necessary to make the sale.

4.7. Cash and cash equivalents

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

4.8. Staff retirement benefits

Gratuity

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

The amount recognized in the balance sheet represents the present value of defined benefit obligation as adjusted for remeasurement adjustments.

4.9. Provisions

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

4.10. Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account applicable tax credits, rebates and exemptions available under the law. Current year's taxation is charged under section 113 and section 169 read with section 153(1A) & 154 of The Income Tax Ordinance 2001.

Deferred

Deferred tax is accounted for using the liability method for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for the financial reporting purpose. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release 27 of Institute of Chartered Accountants of Pakistan.

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

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

The company also recognizes deferred tax liability on surplus on revaluation of assets which is adjusted against the related surplus as per the requirements of revised IAS 12 " Income Taxes".

4.11. Revenue recognition

Revenue from the sale of goods is recognised when goods are dispached and the significant risks and rewards of ownership have been transferred to the customer.

4.12. Store and spares

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are stated at invoice amount plus other charges paid thereon.

4.13. Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

Directors Loan are interest free and repayable on demand of directors.

4.14. Foreign currency transactions

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

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

4.15. Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

4.16. Offsetting of financial assets and financial liabilities

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

4.17. Impairment

4.17.1. Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

4.17.2. Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in the prior years. Such reversal is recognized in profit and loss account.

4.18. Contingent liabilities

Contingent liability is disclosed when:

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

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

4.19. Contingent assets

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

5. Change in accounting policy

5.1. Surplus on revaluation of fixed assets

The specific provision /section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of fixed assets stands amended as follows:

Increases in the carrying amounts arising on revaluation of fixed assets are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset.

All other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the effect of change in accounting policy is summarized below:

	As at June 30, 2017			As at July 01, 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
			------------Rupees----------			
Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment	165,514,918	-	(165,514,918)	175,454,993	-	(175,454,993)
Share capital and reserves	-	165,514,918	165,514,918	-	175,454,993	175,454,993
Effect on statement of changes in equity						
Surplus on revaluation of property, plant and equipment	-	165,514,918	165,514,918	-	175,454,993	175,454,993

	As at June 30, 2017		
	As previously reported	As restated	Restatement
	------------Rupees----------		
Effect on statement of comprehensive income			
Surplus realized on disposal of assets during the year	369,676	-	(369,676)
Incremental depreciation on revalued assets for the year	9,570,399	-	(9,570,399)

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

5.2. Director's loan

Directors loan is accounted for under Technical Release -32 "Accounting Directors Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements for the period beginning on or after January 01, 2016.

Previously director loan was not repayable within 12 months from the balance sheet date and terms of repayment have not been decided so far. In current year, company has revised its directors loan agreement according to which loan shall be repaid on demand of directors and this loan shall be free of interest / markup.

Following the application of Technical Release -32 "Accounting Directors Loan", the Company has been accounted it for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and The effect of change in accounting policy is summarised below:

	As at June 30, 2017			As at July 01, 2016		
	As previously reported	**As restated**	**Restatement**	**As previously reported**	**As restated**	**Restatement**
Effect on statement of financial position						
Long term financings	338,636	-	(338,636)	338,636	-	(338,636)
Short term financings	-	338,636	338,636	-	338,636	338,636

There was no cash flow impact as a result of the retropective application on changes in accounting policy.

	NOTE	2018 RUPEES	2017 RUPEES
6. Property, plant and equipment			
Operating fixed assets	6.1	1,026,277,080	771,673,639
Capital work in progress	6.2	-	6,302,550
		1,026,277,080	777,976,189

6.1. Operating fixed assets

-2018-										
	GROSS CARRYING AMOUNT				DEPRECIATION					
PARTICULARS	TOTAL AS AT 01-07-2017	ADDITIONS/ (DELETIONS)	REVALUATION SURPLUS	TOTAL AS AT 30-06-2018	ACCUMULATED AS AT 01-07-2017	ADJUSTMENT	FOR THE YEAR	ACCUMULATED AS AT 30-06-2018	W.D.V AS AT 30-06-2018	RATE %
					RUPEES					
Freehold										
Land	72,927,000	-	36,463,500	109,390,500	-			-	109,390,500	-
Building	242,786,209	10,482,797	(4,664,084)	248,604,922	50,952,662	(57,347,114)	10,494,189	4,099,737	244,505,185	5
Plant and machinery	609,929,515	-	820,485	610,750,000	187,397,156	(215,565,980)	48,527,157	20,358,333	590,391,667	10
Electric installation and appliances	110,905,083	5,222,854	(48,427,937)	67,700,000	44,557,003	(49,154,303)	6,853,967	2,256,667	65,443,333	10
Factory equipments	523,225	(34,500)	-	488,725	325,471	(21,010)	19,651	324,112	164,613	10
Office equipments	663,959	210,600	-	874,559	337,523	-	37,909	375,432	499,127	10
Computers	986,810	138,000	-	1,124,810	750,952	-	92,657	843,609	281,201	30
Furniture & fixture	1,872,231	-	-	1,872,231	658,504	-	121,373	779,877	1,092,354	10
Vehicles	19,769,222	10,881,000	-	15,784,397	12,987,900	(2,984,081)	1,423,236	11,427,055	4,357,342	20
		(14,865,825)	-				-			
	1,060,363,254	26,935,251	37,283,985	1,056,590,144	297,967,171	-	67,570,139	40,464,822	1,016,125,322	
		(14,900,325)	(53,092,021)			(325,072,488)				
Leasehold										
Vehicles	15,853,413	7,650,000	-	14,785,413	6,575,857	(4,161,392)	2,219,190	4,633,655	10,151,758	20
		(8,718,000)				-				
RUPEES	1,076,216,667	34,585,251	37,283,985	1,071,375,557	304,543,028	(329,233,880)	69,789,329	45,098,477	1,026,277,080	
		(23,618,325)	(53,092,021)							

-2017-									
	GROSS CARRYING AMOUNT			DEPRECIATION					
PARTICULARS	TOTAL AS AT 01-07-2016	ADDITIONS/ (DELETIONS)	TOTAL AS AT 30-06-2017	ACCUMULATED AS AT 01-07-2016	ADJUSTMENT	FOR THE YEAR	ACCUMULATED AS AT 30-06-2017	W.D.V AS AT 30-06-2017	RATE %
				RUPEES					
Freehold									
Land	72,927,000		72,927,000	-	-	-	-	72,927,000	-
Building	242,786,209		242,786,209	40,856,160	-	10,096,502	50,952,662	191,833,547	5
Plant and machinery	541,679,301	71,450,214	609,929,515	146,889,914	-	41,770,872	187,397,156	422,532,359	10
		(3,200,000)			(1,263,630)				
Electric installation and appliances	110,905,083		110,905,083	37,184,994	-	7,372,009	44,557,003	66,348,080	10
Factory equipments	523,225		523,225	303,498	-	21,973	325,471	197,754	10
Office equipments	663,959		663,959	301,252	-	36,271	337,523	326,436	10
Computers	918,310	68,500	986,810	654,763	-	96,189	750,952	235,858	30
Furniture & fixture	1,872,231		1,872,231	523,645	-	134,859	658,504	1,213,727	10
Vehicles	19,636,252	132,970	19,769,222	11,314,743	-	1,673,157	12,987,900	6,781,322	20
					-				
	991,911,570	71,651,684	1,060,363,254	238,028,969	-	61,201,832	297,967,171	762,396,083	
		(3,200,000)			(1,263,630)				
Leasehold									
Vehicles	15,853,413	-	15,853,413	4,256,468	-	2,319,389	6,575,857	9,277,556	20
		-			-				
RUPEES	1,007,764,983	71,651,684	1,076,216,667	242,285,437	-	63,521,221	304,543,028	771,673,639	
		(3,200,000)			(1,263,630)				

	NOTE	2018 RUPEES	2017 RUPEES
6.1.1. Depreciation for the year has been allocated as follows;			
Cost of goods manufactured (Refer note # 27.1)		65,894,964	59,261,356
Administrative (Refer note # 28)		3,894,365	4,259,865
		69,789,329	63,521,221

6.1.2. Forced sales value (FSV) of land and buildings is Rs. 295.385 million, plant and machinery and electric appliances is Rs. 576.682 million as at June 30, 2018.

6.1.3. Detail of disposal of property, plant and equipment;

Description	PARTICULARS OF BUYER	GROSS CARRYING AMOUNT	ACCUMULATED DEPRECIATION	NET CARRYING AMOUNT	SALE VALUE	GAIN / (LOSS) ON DISPOSAL	MODE OF DISPOSAL
		------------------Rupees----------------					
Items with net book value of Rs. 500,000/- or more							
Vehicle-QE-19	Ms. Tasneem (House# 21, Batala colony, Sohailabad, Faisalabad	3,600,000	2,538,317	1,061,683	1,200,000	138,317	Negotiation
Suzuki Wagon-RVXL	Mr.Amir Ijaz (House# 85/2-B, Bankers housing society, Cant, Lahore)	1,094,000	-	1,094,000	1,109,000	15,000	Negotiation
Suzuki Wagon-RVXL	Mr.Asif Babar (House# 02, Street# 01, Allama Iqbal Town, Lahore.	1,069,000	35,633	1,033,367	1,084,000	50,633	Negotiation
WF-131	Orix Leasing Pakistan Limited, Bilal Road, Civil Lines, Faisalabad.	8,718,000	4,313,279	4,404,721	7,650,000	3,245,279	Negotiation
Items with net book value less than Rs. 500,000/-							
Vehicle-KN-0849	Adnan Shah(House# 15, Block-D, Samanabad, Faisalabad)	384,825	258,244	126,581	150,000	23,419	Negotiation
Factory equipment	Malik Naseer, Susan road, Faisalabad.	34,500	21,010	13,490	13,490	-	Negotiation
	Rupees	14,900,325	7,166,483	7,733,842	11,206,490	3,472,648	

6.1.4. Had there been no revaluation the related figures of freehold land, building on freehold land, plant & machinery and electric installations and appliances on June 30, 2018 would have been as follows:

Year	2018			2017		
Particulars	Cost	Accumulated depreciation	WDV	Cost	Accumulated depreciation	WDV
Freehold	---RUPPES---					
Land	11,806,287	-	11,806,287	11,806,287	-	11,806,287
Building	221,515,750	78,111,165	143,404,585	211,032,953	71,089,533	139,943,420
Plant and machinery	650,265,508	331,090,663	319,174,845	650,265,508	296,670,081	353,595,427
Electric installation and appliances	81,047,016	44,260,779	36,786,237	75,824,162	40,537,129	35,287,033
Total	964,634,561	453,462,607	511,171,954	948,928,910	408,296,743	540,632,167

	NOTE	2018 RUPEES	2017 RUPEES
6.2. Capital Work in progress			
Building			
Balances as at July 1,		6,302,550	-
Capital expenditure incurred during the year		4,180,247	6,302,550
Transferred to operating fixed assets		(10,482,797)	-
Balances as at June 30,		-	6,302,550
7. Long term deposits			
Considered good			
Securities			
Electricity		6,192,510	6,192,510
Telephone and mobiles		21,400	21,400
Lease key money	7.1	528,050	1,513,300
		6,741,960	7,727,210

7.1. This amount represents Ijarah lease deposit (2017: Rs. 528,050/-).

	NOTE	2018 RUPEES	2017 RUPEES
8. Stores and spares			
Store		17,744,755	7,152,259
Spares		22,304,702	21,496,898
Loose tools		3,657,452	3,516,631
Packing material	8.2	3,011,895	2,692,650
		46,718,804	34,858,438

8.1. It may include items that result in fixed capital expenditure but are not distinguishable.

8.2. Prior year figures have been reclassified in these financial statements for better presentation. (Refer note # 37.2)

	NOTE	2018 RUPEES	2017 RUPEES
9. Stock in trade			
Raw material		180,802,155	146,734,760
Work in process	9.1 & 9.2	9,887,276	9,510,103
Finished goods		32,331,527	35,286,424
		223,020,958	191,531,287

9.1 Finished goods comprising of fabric amounting to Rs.9,368,129/- (2017:Rs.9,627,230/-) are at net realizable value.

9.2. Stock in trade amounting to Rs. 192.12 million (2017: Rs.191.97 million) were pledged as security with the banks.

	NOTE	2018 RUPEES	2017 RUPEES
10. Trade debts			
Considered good			
Local - unsecured		3,577,481	1,292,361
11. Loans & advances			
Considered good			
Advances			
Staff			
Against salary	11.1 & 11.2	4,907,461	2,728,530
Against expenses		3,621,013	2,256,918
Supplies & services		3,543,851	4,118,155
Letter of credit		714,608	960,516
		12,786,933	10,064,119

11.1. These represent amounts against salaries and are interest free.

11.2. Maximum amount outstanding in respect of advances to key management personnel in any month was Rs. 1,700,000/- (2017 : 1,700,000/-)

	NOTE	2018 RUPEES	2017 RUPEES
12. Other receivables			
Investment support of Technology upgradation fund "(TUF)" scheme		3,392,352	-
13. Trade deposits & short term prepayments			
Considered good			
Deposits			
Against vehicle		-	200,000
Prepayments			
Bank guarantee commission		354,077	262,033
Insurance		1,855,590	2,792,815
Lease key money		985,250	-
		3,194,917	3,254,848
14. Tax refunds due from the Government			
Income tax		2,933,495	16,669,463
Sales tax		22,701,603	18,754,201
		25,635,098	35,423,664
15. Cash and bank balances			
Cash in hand		59,102,522	79,866,003
Cash with banks			
- in current accounts		610,660	4,903,505
		59,713,182	84,769,508

	NOTE	2018 RUPEES	2017 RUPEES

16. Issued, subscribed and paid up capital

1,800,000 (2017 : 1,800,000) Ordinary shares of Rs. 100/- each fully paid in cash		180,000,000	180,000,000
200,000 (2017 : 200,000) Ordinary shares of Rs. 100/- each issued as fully paid bonus shares		20,000,000	20,000,000
		200,000,000	200,000,000

17. Surplus on revaluation of operating fixed assets

Balance as on July 01,		213,008,819	227,414,726
Transferred to other comprehensive income on account of			
Surplus created during the year		306,259,361	-
Transferred to unappropriated profit on account of			
Incremental depreciation for the year		(20,709,449)	(13,870,144)
Surplus realized on disposal of assets during the year		-	(535,763)
		285,549,912	(14,405,907)
		498,558,731	213,008,819
Less: Related deferred tax liability			
Opening balance		47,493,901	51,959,733
Transferred to other comprehensive income on account of			
Deferred tax liability created during the year		91,877,808	-
Transferred to unappropriated profit on account of			
Incremental depreciation		(6,212,835)	(4,299,745)
Disposal of assets		-	(166,087)
		133,158,874	47,493,901
Balance as on June 30,		365,399,857	165,514,918

17.1. It represents surplus on revaluation of free hold land, building thereon, plant & machinery and electric installation & appliances on present market values basis that was carried out by an independent valuer M/S Arch Lattice as at March 09, 2018, and previous revaluation was carried out by an independent valuers M/S Arch Lattice as at March 14, 2012 based on present value present at the time the valuation was carried on.

18. Long term financings

Secured - Under mark-up arrangements			
From banking companies			
Bank Alfalah Limited - Term Finance- I & II	18.1, 18.2 & 18.3	144,716,933	190,081,373

18.1 Term finance I carries markup at the rate of 6 month KIBOR + 2% p.a. (2017: 6 month KIBOR + 2% p.a.). It is secured against 1st exclusive charge of Rs. 530 million over the entire fixed assets of the company.

It is payable in 60 monthly installments of Rs.3,551,604/- each that started from February 28, 2015. It was rescheduled and the total tenor was increased by two years with effect from October 15, 2016. The next installment is due on October 15, 2018.

Term finance-II was obtained on September 30, 2016 amounting to Rs. 67 million. under same mark up and same securities as mentioned above for TF-I. Loan is repayable in 60 monthly installments of Rs. 1,116,667/- each that started from February 28, 2017.

18.2 These loans are further secured by personal guarantees of all the directors.

18.3

Opening balance July 01	203,481,377	152,719,525
Obtained during the year	-	67,000,000
Paid / adjusted during the year	(13,400,004)	(16,238,148)
	190,081,373	203,481,377
Payable within one year	(45,364,440)	(13,400,004)
	144,716,933	190,081,373

	NOTE	2018 RUPEES	2017 RUPEES

19. Liabilities against assets subject to finance lease

	2018	2017
Opening balance	3,359,031	7,764,895
Obtained during the year	7,650,000	-
	11,009,031	7,764,895
Paid during the year	(3,755,839)	(4,405,864)
	7,253,192	3,359,031
Current portion shown under current liabilities	(3,950,255)	(1,845,493)
	3,302,937	1,513,538

19.1 Reconciliation of minimum lease payments and their present value is given below:

Particulars	2018 (RUPEES)			2017 (RUPEES)		
	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
Payable within one year	4,604,978	654,723	3,950,255	2,029,365	183,872	1,845,493
Payable after one year but not more than five years	3,603,541	300,604	3,302,937	1,524,682	11,144	1,513,538
Total	**8,208,519**	**955,327**	**7,253,192**	**3,554,047**	**195,016**	**3,359,031**

19.2 It represents finance obtained against vehicle under finance lease liability. The purchase option is available to the company on payment of last installment and surrender of deposit paid under the agreement. The liability represents total minimum lease payments discounted at the rate ranging from 6 months KIBOR + 5.75% to 6.00% p.a (2017: 6 month KIBOR + 5.75% p.a to 6.00% p.a). There is no major restriction imposed by leasing company.

	NOTE	2018 RUPEES	2017 RUPEES
20. Deferred liabilities			
Deferred taxation	20.1	115,842,974	57,135,434
Staff retirement benefits - gratuity	20.2	35,916,142	35,596,243
Unearned lease finance income	20.3	1,262,049	-
		153,021,165	92,731,677
20.1. Deferred taxation			
Deferred tax			
Opening balance		57,135,434	79,670,219
Deferred tax liability created during the year related to:			
Revaluation surplus		91,877,808	-
Deferred tax liability reversed during the year related to:			
Profit and loss account		(32,782,511)	(23,251,390)
Statement of comprehensive income		(387,757)	716,605
Closing balance	20.1.1	115,842,974	57,135,434
20.1.1. Deferred tax liability			
Accelerated tax depreciation		194,446,110	125,820,569
Deferred tax assets			
Provision for gratuity		(10,774,843)	(11,034,835)
Finance lease liability		(2,175,958)	(1,041,300)
Excess of minimum tax liability over normal tax liabilty		(10,869,431)	-
Carried forward losses		(54,782,904)	(56,609,000)
		(78,603,136)	(68,685,135)
Net deferred tax liability		115,842,974	57,135,434
Deferred tax liability recognized		115,842,974	57,135,434
20.2. Staff retirement benefits - gratuity			
Amount recognized in the balance sheet			
Present value of defined benefit obligation	20.2.1	35,916,142	35,596,243

	NOTE	2018 RUPEES	2017 RUPEES
20.2.1. Present value of defined benefit obligation			
Present value of defined benefit obligation		35,596,243	34,134,485
Current service cost		7,103,534	7,172,545
Interest cost on defined benefit obligation		2,354,520	2,793,437
Benefits paid		(10,430,677)	(6,192,595)
Remeasurement loss / (gain) on obligation	20.2.3	1,292,522	(2,311,629)
		35,916,142	35,596,243
20.2.2. Expenses to be charged to P&L			
Current service cost		7,103,534	7,172,545
Interest cost on defined benefit obligation		2,354,520	2,793,437
		9,458,054	9,965,982
20.2.3. Total remeasurements chargeable in other comprehensive income			
Remeasurements:			
Actuarial loss / (gain) from changes in financial assumptions		25,807	(29,547)
Experience adjustments		1,266,715	(2,282,082)
		1,292,522	(2,311,629)
20.2.4. Changes in net liability			
Balance sheet Liability		35,596,243	34,134,485
Expense chargeable to P&L		9,458,054	9,965,982
Remeasurements loss / (gain) chargeable in other comprehensive income		1,292,522	(2,311,629)
Benefits paid		(10,430,677)	(6,192,595)
		35,916,142	35,596,243
20.2.5. Significant actuarial assumptions			
Discount rate		9.00% p.a.	7.75% p.a.
Expected rate of increase in salary		8.00% p.a.	6.75% p.a.
Average expected remaining working life time of employees		4 years	4.2 years
20.2.6. Year end sensitivity analysis (± 100 bps) on defined benefit obligation			
Discount rate + 100 bps		33,858,791	33,223,436
Discount rate - 100 bps		38,289,825	38,348,405
Salary increase + 100 bps		38,289,825	38,348,405
Salary increase - 100 bps		33,822,993	33,181,780

The average duration of the defined benefit obligation is 7 years.

	NOTE	2018 RUPEES	2017 RUPEES
20.3. Un earned lease finance income			
Un earned lease finance income		2,343,813	-
Current portion shown under trade and other payables		(1,081,764)	-
		1,262,049	-
21. Trade and other payables			
Creditors		49,573,224	66,047,364
Advances from customers		1,252,572	10,634,519
Accrued charges		7,197,942	16,893,979
Book overdrawn		-	6,854
Sales tax payable		120,383	126,397
Workers' profit participation fund	21.2	231,795	-
Current portion of un earned lease finance income		1,081,764	-
		59,457,680	93,709,113

21.1. Prior year figures have been reclassified for better presentation. (Refer Note no. 37.2)

	NOTE	2018 RUPEES	2017 RUPEES
21.2. Workers' profit participation fund			
Payable at the beginning of the year		-	-
Charge for the year		231,795	-
		231,795	-
Paid to workers during the year		-	-
Payable at the end of the year		231,795	-
22. Mark-up accrued on loans			
Long term financings		3,924,050	4,176,147
Short term financings		6,176,181	5,818,783
		10,100,231	9,994,930

		NOTE	2018 RUPEES	2017 RUPEES (Restated)

23. Short term financings

	Limit	NOTE	2018 RUPEES	2017 RUPEES (Restated)
Secured				
From banking companies				
Under mark-up arrangements				
Cash finance (Pledge)	450 M (2017: 450 M)	23.1	168,848,187	168,721,240
Cash finance (Hypo)	70 M (2017: 70 M)	23.2	69,878,441	69,961,547
Term Finance (TF)	20 M (2017: 15.60)	23.3	19,991,061	3,150,000
Unsecured - Interest free				
Loan from director			-	338,636
			258,717,689	242,171,423

23.1 These carry mark-up at the rate of 3 months KIBOR + 1.75% (2017: 3 months KIBOR + 1.75%) for Bank Alfalah Limited and 3 months KIBOR + 1.75% (2017: 3 months KIBOR + 1.75%) for National Bank of Pakistan. These are secured against pledge of raw material and finished goods amounting to Rs. 277.780 million and 1st charge of Rs. 267 million out of total charge of Rs. 335 million.

23.2 These carry mark-up at the rate of 3 months KIBOR + 2% (2017: 3 months KIBOR + 2%) for National Bank of Pakistan and 3 months KIBOR + 2% (2017: 3 months KIBOR + 2%) for Bank Alfalah Limited. These are secured against hypothecation of current assets of the company. Cash finance from National Bank of Pakistan is further secured by 1st charge of Rs. 67 million on personal property of the director.

23.3 It represents loan from Bank Alfalah Limited which carries mark-up at the rate of 6 Months KIBOR + 2.50% (2017: 6 months KIBOR + 2%). It is secured against Ist exclusive charge on fixed assets of the company amounting to Rs. 530 million.

23.4 Loans are further secured against personal guarantees of all the directors.

23.5 Total unavailed limits as at balance sheet date are Rs. 281.28 million (2017: Rs. 293.767 million).

23.6. Reconciliation of liabilities arising from short term financings is as follows:

	NOTE	2018 RUPEES	2017 RUPEES
Opening balance July 01		241,832,787	132,577,834
Obtained during the year		1,887,280,404	2,066,147,756
		2,129,113,191	2,198,725,590
Paid / adjusted during the year		(1,870,395,503)	(1,956,892,803)
		258,717,688	241,832,787

24. Current portion of non current liabilities

	2018	2017
Long term financing	45,364,440	13,400,004
Liabilities against assets subject to finance lease	3,950,255	1,845,493
	49,314,695	15,245,497

25. Contingencies & commitments

25.1. Contingencies

	2018	2017
a. Bank guarantee - SNGPL	16,622,600	16,622,600
b. Bank guarantee - FESCO	2,384,000	2,384,000
c. Bank guarantee - SBP	3,500,000	-

d. The company filed the writ petition in Honorable Lahore High Court, Lahore regarding unlawful levy / recovery of enhanced Gas Infrastructure Development Cess (GIDC) from July 2012 to March 2015 amounting to Rs. 9.034 million along with late payment surcharge. As per the legal opinion, the instant case of the company is on merit as being an industrial consumer; Sui Northern Gas Pipelines Ltd (SNGPL) cannot recover the unpaid Cess under the first proviso of Section 8 of GIDC Act, 2015. It is further anticipated by company's legal advisor that the above case shall be decided in favor of the company and the sought relief may be permitted after the final recommendations of the Anomaly Committee constituted by the Honorable Lahore High Court, Lahore.

e. The company is in dispute with Sui Northern Gas Pipelines Ltd. (SNGPL) against the alleged demand of arrears of gas bill on three months average basis of Rs. 9,563,011/- for the month of January, 2017 during which the installed gas meter did not record reading as a result of malfunction. The company has challeged the whole demand raised as hypothetically high and without taking consideration of winter gas disruptions and consumption of WAPDA power. The company deposited an amount of Rs. 6,596,193/- under protest against the said demand in the preceeding year. The decision of the review committee of SNGPL was not in the favor of the company, and it filed appeal before OGRA, Lahore. On December 29, 2017, OGRA, Lahore decided in favor of the company on the ground that the demand for arrears by SNGPL was not justified. On March 07, 2018, SNGPL filed an appeal before OGRA, Islamabad against the order issued in favor of the company. The company has filed its reply on March 15, 2018 to the appeal present before OGRA, Islamabad.

	NOTE	2018 RUPEES	2017 RUPEES
25.2. Commitments			
Letter of credit		3,367,000	8,759,620

25.3. The Company has entered into Ijarah arrangement for vehicles amounting to Rs. 4,763,836/- (2017: Rs NIL) as on June 30, 2018 with total tenure of three years.

25.4 At the year end the commitment against Ijarah lease falls due as follows:

		2018	2017
Not later than one year;		2,041,644	-
Later than one year but not later than five years;		2,722,192	-
		4,763,836	-

26. Sales

		2018	2017
Local			
-Yarn		1,517,578,767	1,381,012,304
-Waste		11,156,146	9,557,295
		1,528,734,913	1,390,569,599
Less : Commission		(4,159,860)	(2,804,914)
		1,524,575,053	1,387,764,685

27. Cost of sales

	NOTE	2018	2017
Cost of goods manufactured	27.1	1,434,458,785	1,341,715,077
Finished goods			
Opening stock		35,286,424	62,656,458
Closing stock	27.1.5	(32,331,527)	(35,286,424)
		2,954,897	27,370,034
Cost of sales		1,437,413,682	1,369,085,111

27.1.Cost of goods manufactured

	NOTE	2018	2017
Raw material consumed	27.1.1	951,437,849	871,607,866
Fuel and power		229,786,009	224,039,325
Salaries, wages & benefits	27.1.4	130,869,849	128,064,422
Packing & other material	27.1.2 & 27.1.6	20,375,083	20,218,102
Store & spares consumed	27.1.3 & 27.1.6	29,816,902	32,867,019
Repair & maintenance		827,307	1,663,379
Insurance		4,875,347	4,450,808
Depreciation	6.1.1	65,894,964	59,261,356
Other materials, services & overheads		952,648	935,950
		1,434,835,958	1,343,108,227
Work in process			
Opening stock		9,510,103	8,116,953
Closing stock		(9,887,276)	(9,510,103)
		(377,173)	(1,393,150)
Cost of goods manufactured		1,434,458,785	1,341,715,077

27.1.1. Raw material consumed

		2018	2017
Purchases include direct expenses			
Cotton		579,947,354	616,519,523
Polyester		405,557,890	345,331,738
		985,505,244	961,851,261
Stock			
Opening		146,734,760	56,491,365
Closing		(180,802,155)	(146,734,760)
		(34,067,395)	(90,243,395)
		951,437,849	871,607,866

27.1.2. Packing material consumed

		2018	2017
Purchases include direct expenses		20,694,328	20,474,780
Stock			
Opening		2,692,650	2,435,972
Closing		(3,011,895)	(2,692,650)
		(319,245)	(256,678)
		20,375,083	20,218,102

	NOTE	2018 RUPEES	2017 RUPEES
27.1.3. Stores, spares and loose tools consumed			
Purchases include direct expenses		41,358,022	35,326,912
Stock			
Opening		32,165,788	29,705,895
Closing		(43,706,909)	(32,165,788)
		(11,541,121)	(2,459,893)
		29,816,902	32,867,019

27.1.4. It includes provision for staff retirement benefits - gratuity amounting to Rs. 8,512,249/- (2017: Rs. 8,971,377/-).

27.1.5. It includes an amount of Rs. 259,101/- (2017: Nil) in respect of write down of inventories to net realizable value.

27.1.6. Prior year figures have been reclassified for better presentation. (Refer Note no. 37.2)

28. Administrative

	NOTE	2018 RUPEES	2017 RUPEES
Directors' remuneration	28.1	9,100,000	9,000,000
Salaries & benefits	28.2	18,696,511	19,274,248
Telephone, mobile and communications		408,674	454,165
Electricity		386,949	489,073
Insurance		986,979	1,285,052
Printing and stationery		96,249	103,651
Vehicle running and maintenance		2,621,250	2,627,946
Repair & maintenance		377,363	475,261
Traveling		266,598	225,112
Entertainment		602,901	489,678
Rent, rates & taxes		2,682,193	1,138,606
News paper & periodicals		4,598	6,151
Auditors' remuneration	28.3	440,000	400,000
Legal & professional		711,236	299,580
Charity & donation	28.4	528,437	1,241,589
Depreciation	6.1.1	3,894,365	4,259,865
Sales tax written off / recovery		800,091	72,733
Ijarah rentals		1,585,758	-
Others		363,542	336,687
		44,553,694	42,179,397

28.1. Directors' remuneration

	2018				2017			
	CEO	Director	Executives	Total	CEO	Director	Executives	Total
No. of persons	1	1	5	7	1	1	5	7
				------------- Rupees -------------				
Remuneration for services	5,454,545	2,818,182	7,990,909	16,263,636	5,454,545	2,727,273	7,745,455	15,927,273
Medical allowance	545,455	281,818	799,091	1,626,364	545,455	272,727	774,545	1,592,727
	6,000,000	3,100,000	8,790,000	17,890,000	6,000,000	3,000,000	8,520,000	17,520,000

28.1.1. Chief Executive Officer and director of the company are provided with company maintained vehicles.

28.2. It includes provision for staff retirement benefits - gratuity amounting to Rs. 945,805/- (2017: Rs. 994,605/-).

	NOTE	2018 RUPEES	2017 RUPEES
28.3. Auditor remuneration includes the following:			
Statutory audit		440,000	400,000

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

29. Other Income

	NOTE	2018 RUPEES	2017 RUPEES
Financial assets			
Investment support "(TUF)" scheme		3,392,352	-
Other than financial assets			
Scrap sale	29.1	1,222,350	1,317,150
Gain / (Loss) on sale of operating fixed assets		227,369	(1,296,370)
Earned lease finance income		901,466	-
		5,743,537	20,780

29.1. Scrap sale

		2018 RUPEES	2017 RUPEES
Gross sale		1,430,150	1,541,066
Less: sales tax		207,800	223,916
		1,222,350	1,317,150

	NOTE	2018 RUPEES	2017 RUPEES
30. Finance cost			
Bank charges & commission		1,390,499	939,456
Lease finance charges		798,141	548,036
Mark-up on secured loans			
- on long term financings		16,112,031	15,566,346
- on short term financings		25,414,652	22,467,795
		43,715,323	39,521,633
31. Taxation			
Current	31.1 & 31.2	19,124,466	6,773,846
Prior year		-	492,026
Deferred		(32,782,511)	(23,251,390)
		(13,658,045)	(15,985,518)

31.1 The relationship between tax expenses and accounting profit has not been presented in these financial statements as the company's current year taxation is based on minimum taxation under the Income Tax Ordinance, 2001.

31.2 The Company has availed tax credit amounting to Rs. Nil (2017: Rs. 7,145,021/-) u/s 65B of the Income Tax Ordinance 2001. The tax liability for the current year amounting to Rs. 19,124,466/- (2017: Rs. 13,918,867/-) u/s 113 of the Income Tax Ordinance 2001, has been adjusted against the above tax credit.

31.3 As per the management's assessment, sufficient tax provision has been made in the Company's financial statements. The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2017	2016	2015
	---	Rupess	---
Provision as per financial statements	6,773,849	735,746	-
Tax assessment	6,773,849	735,746	-

32. Financial risk management objectives and policies

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

	NOTE	2018 RUPEES	2017 RUPEES
32.1. Financial instruments by category			
Financial assets:			
Loans and receivables at amortized cost			
Long term deposits		6,213,910	6,213,910
Trade debts		3,577,481	1,292,361
Loans and advances		4,907,461	2,728,530
Other receivables		3,392,352	-
Bank balances		610,660	4,903,505
		18,701,864	15,138,306
Financial liabilities:			
Financial liabilities at amortized cost			
Long term financings		190,081,373	203,481,377
Liabilities against assets subject to finance lease		7,253,192	3,359,031
Trade and other payables		57,123,344	83,074,594
Markup on accrued loan		10,100,231	9,994,930
Short term financings		258,717,689	242,171,423
		523,275,828	542,081,355

32.2. Financial instruments and related disclosures

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

- Credit risk and concentration of credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

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

32.2.1. Credit risk and concentration of credit risk

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

	2018 RUPEES	2017 RUPEES
Long term deposits	6,213,910	6,213,910
Trade debts	3,577,481	1,292,361
Loans and advances	4,907,461	2,728,530
Other receivables	3,392,352	-
Bank balances	610,660	4,903,505
	18,701,864	15,138,306

Due to the Company's long standing relations with counter parties and after giving due consideration to their financial

standing, the management do not expect non performance by these counter parties on their obligations to the company.

For trade debts, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on its basis, individual credit limits are set. The management regularly monitors and reviews customers' credit exposure. The credit risk exposure is limited in respect of bank balances as these are placed with the banks having good credit from international and local credit rating agencies.

The Company's most significant customers are industrial users of yarn. Aging analysis of trade debtors as at balance sheet date is as under:

The age of trade debts	2018 (RUPEES) Gross debts	2018 (RUPEES) Impairment	2017 (RUPEES) Gross debts	2017 (RUPEES) Impairment
Not past due	1,064,715	-	1,064,715	-
Past due 0 - 365 days	2,507,187	-	222,068	-
More than 365 days	5,578	-	5,578	-
	3,577,480	-	**1,292,361**	-

The credit quality of company's bank balances can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

Banks	Rating		Rating agency	2018	2017
	Short term	Long term		--------- Rupees --------	
National Bank Ltd	A1+	AAA	PACRA	1,573	-
Bank Al Falah Ltd	A1+	AA+	PACRA	399,867	329,239
Faysal Bank Ltd	A1+	AA	PACRA	8,856	18,118
Habib Bank Ltd	A-1+	AAA	JCR-VIS	81,416	47,852
Habib Metropolitan Bank Ltd	A1+	AA+	PACRA	44,731	4,489,872
Meezan Bank Limited	A-1+	AA	JCR-VIS	74,217	18,424
		Total		**610,660**	**4,903,505**

32.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient quidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the undiscounted cash flows.

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
	----------	----------	(Rupees)	----------	
June 30, 2018					
Trade and other payables	57,123,344	57,123,344	57,123,344	-	-
Markup on accrued loans	10,100,231	10,100,231	10,100,231	-	-
Short term borrowings	258,717,688	258,717,688	258,717,688	-	-
Long term financings	190,081,373	190,081,373	45,364,440	144,716,933	-
Liabilities against assets subject to finance lease	7,253,192	7,253,192	3,950,255	3,302,937	-
Total	**523,275,827**	**523,275,827**	**375,255,957**	**148,019,870**	-

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
	----------	----------	(Rupees)	----------	
June 30, 2017					
Trade and other payables	83,074,594	83,074,594	82,941,343	-	-
Markup on accrued loans	9,994,930	9,994,930	9,994,930	-	-
Short term borrowings	242,171,423	242,171,423	241,832,787	-	-
Long term financings	203,481,377	203,481,377	13,400,004	190,081,373	-
Liabilities against assets subject to finance lease	3,359,031	3,359,031	1,845,493	1,513,538	-
Total	**542,081,355**	**542,081,355**	**350,014,557**	**191,594,911**	-

32.2.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of two types of risk: foreign currency risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

(i) Interest rate risk

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

Majority of interest rate risk arises from long term loan, short term borrowings and liabilities against assets subject to finance lease.

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

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

Had the interest rate been increased / decreased by 100 bps at the reporting date, with all other variables held constant, profit for the year and equity would have been lower / higher by Rs. 5.03 million (2017: Rs. 3.86 million)

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The company is not exposed to any significant interest rate except as disclosed in the respective notes. The rate of financing and their maturities are disclosed in the respective notes.

	2018 %	2017 %	2018	2017
			----(RUPEES)----	
Floating rate instruments				
Financial liabilities				
Long term loans	8.15-8.21	8.06-8.155	190,081,373	203,481,377
Short term borrowings	7.89-9.02	7.79-8.55	258,717,688	242,171,423
Liabilities against assets subject to finance lease	12.22-12.42	11.81-11.9	7,253,192	3,359,031
			456,052,253	449,011,831

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign creditors. The total foreign currency risk exposure on reporting date in repect of LC commitment amounted to Rs. 3.367 million (2017: Rs. 8.760 million).

At June 30, 2018, had the currency been weakened / strengthened by 5% against the foreign currency with all other variables held constant, profit for the year and equity would have been Rs. 168,350/- (2017: Rs. 437,981/-) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade creditors.

(iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. The Company is not exposed to any equity price risk.

(iv) Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The effects of changes in fair value of such investments made by Company, on the future profits are not considered to be material in the overall context of these financial statements.

32.3. Determination of fair value

32.3.1 Fair values of financial instrument

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

32.3.2 Fair values of non financial instrument

Fair value hierarchy

The different levels have been defined as follows.

Level 1	Quoted prices (unadjusted) in active markets for individual assets or liabilities
Level 2	Inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly (i.e as prices) or indirectly (i.e derived from prices)
Level 3	Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

Details of the Company's revalued assets and information about fair value hierarchy as at June 30, 2018 are as folllows:

Particulars	Level 1		Level 2		Level 3	
	2018	2017	2018	2017	2018	2017
	-------------------------------Rupees-------------------------------					
Operating fixed assets						
Freehold						
Land	-	-	109,390,500	72,927,000	-	-
Building	-	-	244,505,185	191,833,547	-	-
Plant and Machinery	-	-	590,391,667	422,532,359	-	-
Electric installation and appliances	-	-	65,443,333	66,348,080	-	-
Total	-	-	**1,009,730,685**	**753,640,986**	-	-

32.4. Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses. The Comapny manages its capital structure by monitoring return on net assets and makes adjustments to economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances. Capital signifies equity as shown in statement of finacial position plus net debt. The gearing ratio as at June 30, is as follows:

	2018	2017
	RUPEES	**RUPEES**
Long term financing	190,081,373	203,481,377
Short term financing	258,717,689	242,171,423
Liabilities against assets subject to finance lease	7,253,192	3,359,031
Total debt	**456,052,254**	**449,011,831**
Less: Cash and bank balances	59,713,182	84,769,508
Net debt	**396,339,072**	**364,242,323**
Equity	**732,427,435**	**501,450,073**
Capital employed	**1,128,766,507**	**865,692,396**
Gearing ratio	**35.11%**	**42.08%**

33. Plant capacity and actual production

	2018	2017
Number of spindles installed	24,888	24,888
Installed capacity per day per bag (31/s count)	380	380
Actual production per day per bag (31/s count)	355	353
No. of shifts per day	3	3

33.1. Reason for shortfall

Power load-shedding by SNGPL and FESCO, periodic maintenace and machinery breakdown, further actual production is planned to meet market demand.

34. Number of employees

	2018	2017
Total number of employees as at June 30,		
-Staff	88	88
-Unit employees	416	404
	504	492

	2018	2017
Average number of employees (Staff) for the year	87	88
Average number of employees (Factory) for the year	410	402

35. Related parties transaction

The related parties comprise directors of the company and key management personnel. The company in the normal course of business carries out transaction with related parties. The transactions with related parties other than those disclosed in relevant notes are as follows;

36. Transaction during the period

Relationship with the Company	Nature of transactions	2018 RUPEES	2017 RUPEES
	Rent expense	1,800,000	-
Key management personnel	Remuneration to Directors	9,100,000	9,000,000
	Repayament of loan	338,636	-

37. General

37.1. Nomenclature of the following account head has been changed in these financial statements:

Previous	Current
Stores, spares and loos tools	Stores and spares
Short term borrowings	Short term financings
Audit fee	Auditors' remuneration

37.2. Following reclassifications have been made in these financial statements;

Account head	Previous classification	Current classification
Trade and other payables	Accrued charges	Creditors
(Rs. 4,281,242/-)	Seprate line item	Seprate line item
Stores and spares	Store	Packing material
(Rs. 2,692,650/-)	Seprate line item	Seprate line item

38. Date of authorization for issue

These financial statements have been authorized for issue by the Board of Directors as on September 28, 2018.

39. Events after the reporting period

There are no significant activities since June 30, 2018 causing any adjustment or disclosure in the financial statements.

40. Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR