Anjum Textile Mills (Pvt) Ltd.

Financial Statement

For The Year Ended June 30, 2019

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, 2019, and the statement of profit or loss,the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position,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, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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.

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- 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, expenditureincurredand 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

Chartered Accountants
Place: Faisalabad
Date: September 23, 2019

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ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	NOTES	2019 RUPEES	2018 RUPEES
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	951,554,402	1,026,277,080
Long term deposits	5	6,741,960	6,741,960
		958,296,362	1,033,019,040
CURRENT ASSETS			
Stores and spares	6	44,986,857	46,718,804
Stock in trade	7	262,919,317	223,020,958
Trade debts	8	12,054,137	3,577,481
Loans and advances	9	22,279,287	12,786,933
Other receivables	10	-	3,392,352
Short term prepayments	11	2,210,497	3,194,917
Tax refunds due from the Government	12	35,093,201	25,635,098
Cash and bank balances	13	62,844,260	59,713,182
		442,387,556	378,039,725
		1,400,683,918	1,411,058,765
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
2,000,000 (2018: 2,000,000) Ordinary shares of Rs. 100/- each		200,000,000	200,000,000
Issued, subscribed & paid up	14	200,000,000	200,000,000
Capital reserves			
Surplus on revaluation of operating fixed assets	15	340,519,737	365,399,857
Revenue reserves			
Unappropriated profit		198,171,529	167,027,578
		738,691,266	732,427,435
NON CURRENT LIABILITIES			
Long term financings	16	88,697,663	144,716,933
Liabilities against assets subject to finance lease	17	3,803,320	3,302,937
Deferred liabilities	18	132,420,017	153,021,165
		224,921,000	301,041,035
CURRENT LIABILITIES			
Trade and other payables	19	57,404,375	59,457,680
Mark-up accrued on loans	20	16,653,948	10,100,231
Short term financings	21	300,555,735	258,717,689
Current portion of non current liabilities	22	60,321,875	49,314,695
Provision for taxation		2,135,719	-
		437,071,652	377,590,295
CONTINGENCIES & COMMITMENTS	23	-	-
		1,400,683,918	1,411,058,765

The annexed notes from 1 to 38 form an integral part of these financial statements.

Mustajab Siddiqi

CHIEF EXECUTIVE

DIRECTOR

ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019 RUPEES	2018 RUPEES
Sales	24	1,893,012,493	1,524,575,053
Cost of sales	25	1,782,475,747	1,437,413,682
Gross profit		110,536,746	87,161,371
Operating expenses			
Administrative	26	47,110,481	44,553,694
Operating profit		63,426,265	42,607,677
Other income	27	3,640,037	5,743,537
Other charges			
Finance cost	28	61,349,045	43,715,323
Workers' profit participation fund		285,863	231,795
Workers' welfare fund		1,038,053	561,567
		62,672,961	44,508,685
Profit before taxation		4,393,341	3,842,529
Taxation	29	151,378	13,658,045
Net profit for the year		4,544,719	17,500,574

The annexed notes from 1 to 38 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, 2019

	NOTE	2019 RUPEES	2018 RUPEES
Net profit for the year		4,544,719	17,500,574
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 gain / (loss) of defined benefit liability-net of tax		1,719,112	(904,765)
Total comprehensive income for the year		6,263,831	230,977,362

The annexed notes from 1 to 38 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, 2019

PARTICULARS	SHARE CAPITAL	CAPITAL RESERVES REVALUATION SURPLUS ON OPERATING FIXED ASSETS	REVENUE RESERVES UNAPPROPRIATED PROFIT	TOTAL
	Rupees			
Balances as on July 01, 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
Net profit for the year	-	-	4,544,719	4,544,719
Other comprehensive gain for the year - net of tax	-	-	1,719,112	1,719,112
Total comprehensive income for the year	-	-	6,263,831	6,263,831
Transfer to unappropriated profit in respect of incremental depreciation for the year - net of tax	-	(24,880,120)	24,880,120	-
	-	(24,880,120)	24,880,120	-
Balances as on June 30, 2019	200,000,000	340,519,737	198,171,529	738,691,266

The annexed notes from 1 to 38 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, 2019

	2019 RUPEES	2018 RUPEES
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,393,341	3,842,529
Adjustments of non cash / non operating items		
Depreciation	81,424,984	69,789,329
Finance cost	61,349,045	43,715,323
Staff retirement benefits - gratuity	13,002,126	9,458,054
Investment support (TUF) scheme	-	(3,392,352)
Workers' welfare fund	1,038,053	561,567
Workers' profit participation fund	285,863	231,795
Gain on sale of operating fixed assets	(1,289,006)	(227,369)
Earned finance income	(1,081,764)	(901,466)
	154,729,301	119,234,881
Operating profit before working capital changes	159,122,642	123,077,410
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	1,731,947	(11,860,365)
Stock in trade	(39,898,359)	(31,489,671)
Trade debts	(8,476,656)	(2,285,120)
Loans & advances	(9,492,354)	(2,722,814)
Trade deposits & short term prepayments	984,420	59,931
Tax refunds due from the Government	(8,732,641)	(3,947,402)
(Decrease) / increase in current liabilities		
Trade and other payables	(2,107,373)	(35,564,993)
	(65,991,016)	(87,810,434)
Cash generated from operations	93,131,626	35,266,976
Taxes paid	(23,375,238)	(5,950,065)
Workers' profit participation fund paid	(231,795)	-
Staff retirement benefits - gratuity paid	(6,903,578)	(10,430,677)
Finance cost paid	(54,795,328)	(43,610,022)
	(85,305,939)	(59,990,764)
Net cash generated from / (used in) operating activities	7,825,687	(24,723,788)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of operating fixed assets	(9,088,300)	(7,734,454)
Proceeds from sale of operating fixed assets	3,675,000	11,206,490
Investment support (TUF) scheme	3,392,352	-
Capital work in progress	-	(4,180,247)
Long term deposits	-	985,250
Net cash generated from investing activities	(2,020,948)	277,039
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Short term financings	41,838,046	16,546,266
Liabilities against assets subject to finance lease	852,733	(3,755,839)
Long term financings	(45,364,440)	(13,400,004)
Net cash used in from financing activities	(2,673,661)	(609,577)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	3,131,078	(25,056,326)
Cash and cash equivalents at the beginning of the year	59,713,182	84,769,508
Cash and cash equivalents at the end of the year	62,844,260	59,713,182

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

ANJUM TEXTILE MILLS (PVT.) LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 canal 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. BASIS OF PREPERATION

2.1. 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.

2.2. 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 which 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.

2.3. 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.

2.4. 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 4

Obligation of defined benefit obligation - Note 18.2

Estimation of contingent liabilities - Note 23

Current income tax expense, provision for current tax -Note 12 and 29.

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.

2.5. New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. 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 transactions.	January 01, 2018
IFRS 4 'Insurance Contracts' - Amendments regarding the interaction of IFRS 4 and IFRS 9.	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
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
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

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

2.6. 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 3 'Business Combinations' - Amendments regarding the definition of business.	January 1, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 1, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases' upon its effective date.	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 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 1, 2019
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
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards.	January 1, 2020

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 (SECP):

IFRS 1 – First Time Adoption of International Financial Reporting Standards

IFRS 14 – Regulatory Deferral Accounts

IFRS 17 – Insurance Contracts

2.7. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. 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 4) Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each date of statement of financial position.

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.

3.2. Leases

3.2.1. 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.

3.2.2. 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.

3.2.3 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.

3.3. 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 on 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.

3.4. 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 using the effective interest method.

3.5. Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade debts and other receivables considered irrecoverable are written off.

3.6. 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.

3.7. Cash and cash equivalents

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

3.8. 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 statement of financial position represents the present value of defined benefit obligation as adjusted for remeasurement adjustments.

3.9. 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.

3.10. 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 statement of financial position 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".

3.11. Revenue recognition

Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled to in exchange for the goods.

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

3.12. 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.

3.13. 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.

3.14. 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 statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

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.

3.15. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of profit or loss.

3.15.1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Financial assets at amortized cost

Instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at fair value through the statement of profit or loss (FVTPL). Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition. If such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in the statement of profit or loss.

3.15.2. Impairment of financial assets

The Company recognizes a loss allowance for Expected credit loss (ECL) on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognizes lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months are the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(a) The financial instrument has a low risk of default,

(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) Significant financial difficulty of the issuer or the borrower;

(b) A breach of contract, such as a default or past due event (see (ii) above);

(c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) It is becoming probable that the borrower will enter bankruptcy or other financial re-organization; or

(e) The disappearance of an active market for that financial asset because of financial difficulties.

(iv)Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Non-financial assets

The Company assesses at each reporting date whether there is any indication that assets except inventories, biological assets and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

3.15.3. Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the statement of profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in the profit or loss. The remaining amount of change in the fair value of liability is recognized in the statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified of the statement of profit or loss; instead, they are transferred to retained earnings upon de-recognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in the statement of profit or loss.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit or loss.

3.15.4. 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 when 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.

3.16. 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.

3.17. 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.

	NOTE	2019 RUPEES	2018 RUPEES
4. Property, plant and equipment			
Operating fixed assets	4.1	951,554,402	1,026,277,080
Capital work in progress	4.2	-	-
		951,554,402	1,026,277,080

4.1. Operating fixed assets

-2019-

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION					
	TOTAL AS AT 01-07-2018	ADDITIONS/ (DELETIONS)	TOTAL AS AT 30-06-2019	ACCUMULATED AS AT 01-07-2018	ADJUSTMENT	FOR THE YEAR	ACCUMULATED AS AT 30-06-2019	W.D.V AS AT 30-06-2019	RATE %
	RUPEES								
Freehold									
Land	109,390,500	-	109,390,500	-	-	-	-	109,390,500	-
Building	248,604,922	-	248,604,922	4,099,737	-	12,225,259	16,324,996	232,279,926	5
Plant and machinery	610,750,000	-	610,750,000	20,358,333	-	59,039,167	79,397,500	531,352,500	10
Electric installation and appliances	67,700,000	-	67,700,000	2,256,667	-	6,544,333	8,801,000	58,899,000	10
Factory equipments	488,725	-	488,725	324,112	-	16,461	340,573	148,152	10
Office equipments	874,559	-	874,559	375,432	-	49,913	425,345	449,214	10
Computers	1,124,810	135,300	1,260,110	843,609	-	124,718	968,327	291,783	30
Furniture & fixture	1,872,231	-	1,872,231	779,877	-	109,235	889,112	983,119	10
Vehicles	15,784,397	7,144,413	17,868,020	11,427,055	3,450,195	1,198,352	13,400,806	4,467,214	20
		(5,060,790)			(2,674,796)				
	1,056,590,144	7,279,713	1,058,809,067	40,464,822	3,450,195	79,307,438	120,547,659	938,261,408	
		(5,060,790)			(2,674,796)				
Leasehold									
Vehicles	14,785,413	8,944,000	16,594,000	4,633,655	-	2,117,546	3,301,006	13,292,994	20
		(7,135,413)			(3,450,195)				
RUPEES	1,071,375,557	16,223,713	1,075,403,067	45,098,477	3,450,195	81,424,984	123,848,665	951,554,402	
		(12,196,203)			(6,124,991)				

-2018-

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION					
	TOTAL AS AT 01-07-2017	ADDITIONS/ (DELETIONS)	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	-	109,390,500	-	-	-	-	109,390,500	-
Building	242,786,209	10,482,797	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	-	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	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	1,056,590,144	297,967,171	-	67,570,139	40,464,822	1,016,125,322	
		(14,900,325)			(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	1,071,375,557	304,543,028	(329,233,880)	69,789,329	45,098,477	1,026,277,080	
		(23,618,325)							

	NOTE	2019 RUPEES	2018 RUPEES
4.1.1. Depreciation for the year has been allocated as follows;			
Cost of goods manufactured	25.1	77,825,220	65,894,964
Administrative	26	3,599,764	3,894,365
		81,424,984	69,789,329

4.1.2. 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.

4.1.3. Detail of disposal of property, plant and equipment:

PARTICULARS	NAME OF BUYER	GROSS CARRYING AMOUNT	OPENING DEPRECIATION	DEPRECIATION FOR THE YEAR	ACCUMULATED DEPRECIATION	NET CARRYING AMOUNT	SALE VALUE	GAIN / (LOSS) ON DISPOSAL	MODE OF DISPOSAL
		-------------------------RUPEES-------------------------							
ITEMS WITH NET BOOK VALUE OF RS. 500,000/-		D	A	B	(A+B)=C	(D-C)=E	(F)	(F-E)	
Vehicle-FF-074	Mr. Rizwan Khalid	5,060,790	2,307,720	367,076	2,674,796	2,385,994	3,675,000	1,289,006	Negotiation
		5,060,790	2,307,720	367,076	2,674,796	2,385,994	3,675,000	1,289,006	

4.1.4. 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, 2019 would have been as follows:

Year	2019			2018		
Particulars	Cost	Accumulated depreciation	WDV	Cost	Accumulated depreciation	WDV
Freehold	---------------------Rupees---------------------					
Land	11,806,287	-	11,806,287	11,806,287	-	11,806,287
Building	221,515,750	85,281,394	136,234,356	221,515,750	78,111,165	143,404,585
Plant and machinery	650,265,508	363,008,148	287,257,360	650,265,508	331,090,663	319,174,845
Electric installation and appliances	81,047,016	47,939,403	33,107,613	81,047,016	44,260,779	36,786,237
Total	**964,634,561**	**496,228,945**	**468,405,616**	**964,634,561**	**453,462,607**	**511,171,954**

	NOTE	2019 RUPEES	2018 RUPEES
4.2. Capital Work in progress			
Building			
Balances as at July 1,		-	6,302,550
Capital expenditure incurred during the year		-	4,180,247
Transferred to operating fixed assets		-	(10,482,797)
Balances as at June 30,		-	-
5. Long term deposits			
Considered good			
Securities			
Electricity		6,192,510	6,192,510
Telephone and mobiles		21,400	21,400
Ijarah deposit	5.1	528,050	528,050
		6,741,960	6,741,960

5.1. This amount represents Ijarah lease deposit (2018: Rs. 528,050/-)

	NOTE	2019 RUPEES	2018 RUPEES

6. Stores and spares

	NOTE	2019 RUPEES	2018 RUPEES
Stores		18,273,645	17,744,755
Spares		21,313,596	22,304,702
Loose tools		3,539,805	3,657,452
Packing material		1,859,811	3,011,895
		44,986,857	46,718,804

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

7. Stock in trade

	NOTE	2019 RUPEES	2018 RUPEES
Raw material		237,797,133	180,802,155
Work in process		10,291,990	9,887,276
Finished goods	7.1	14,830,194	32,331,527
		262,919,317	223,020,958

7.1. Finished goods comprising of fabric amounting to Rs. 3,121,638/- (2018: Rs.9,368,129/-) are at net realizable value.

7.2. Stock in trade amounting to Rs. 258.52 million (2018: Rs.192.12 million) at "ruling market rates" were pledged as security with the banks.

8. Trade debts

	NOTE	2019 RUPEES	2018 RUPEES
Considered good			
Local - unsecured		12,054,137	3,577,481

9. Loans & advances

	NOTE	2019 RUPEES	2018 RUPEES
Considered good			
Advances			
Staff			
Against salary	9.1 & 9.2	4,972,979	4,907,461
Against expenses		4,685,948	3,621,013
Supplies & services		2,321,757	3,543,851
Letter of credit		7,640,603	714,608
Purchase of vehicle		2,658,000	-
		22,279,287	12,786,933

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

9.2. Maximum amount oustanding in respect of advances to key management personnel in any month was Rs. 5,236,040/-.

10. Other receivables

	NOTE	2019 RUPEES	2018 RUPEES
Investment support of Technology upgradation fund "(TUF)" scheme		-	3,392,352

11. Short term prepayments

	NOTE	2019 RUPEES	2018 RUPEES
Considered good			
Prepayments			
Bank guarantee commission		257,434	354,077
Insurance		1,953,063	1,855,590
Lease key money		-	985,250
		2,210,497	3,194,917

12. Tax refunds due from the Government

	NOTE	2019 RUPEES	2018 RUPEES
Income tax	12.1	3,658,957	2,933,495
Sales tax		31,434,244	22,701,603
		35,093,201	25,635,098

12.1. These refunds are not adjusted against tax expense for the year owing to ongoing appeals against these refunds.

13. Cash and bank balances

	NOTE	2019 RUPEES	2018 RUPEES
Cash in hand		58,413,004	59,102,522
Cash with banks			
- in current accounts		4,431,256	610,660
		62,844,260	59,713,182

	NOTE	2019 RUPEES	2018 RUPEES

14. Issued, subscribed and paid up capital

1,800,000 (2018 : 1,800,000) Ordinary shares of Rs. 100/- each fully paid in cash		180,000,000	180,000,000
200,000 (2018 : 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

15. Surplus on revaluation of operating fixed assets

		2019 RUPEES	2018 RUPEES
Balance as on July 01,		498,558,731	213,008,819
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		(35,042,422)	(20,709,449)
		(35,042,422)	285,549,912
		463,516,309	498,558,731
Less: Related deferred tax liability			
Opening balance		133,158,874	47,493,901
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		(10,162,302)	(6,212,835)
		122,996,572	133,158,874
Balance as on June 30,		340,519,737	365,399,857

15.1. It represents surplus on revaluation of freehold 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. Previous valuation was carried out as at March 14, 2012.

16. Long term financings

	NOTE	2019 RUPEES	2018 RUPEES
Secured - Under mark-up arrangements			
From banking companies			
Bank Alfalah Limited - Term Finance- I & II	16.1, 16.2 & 16.3	88,697,663	144,716,933

16.1 Term finance I carries markup at the rate of 6 month KIBOR + 2% p.a. (2018: 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 rescheduled installment started from 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.

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

16.3

	2019 RUPEES	2018 RUPEES
Balance as at July 01,	190,081,373	203,481,377
Obtained during the year	-	-
Paid / adjusted during the year	(45,364,440)	(13,400,004)
	144,716,933	190,081,373
Payable within one year	(56,019,270)	(45,364,440)
Balance as at June 30,	88,697,663	144,716,933

	NOTE	2019 RUPEES	2018 RUPEES

17. Liabilities against assets subject to finance lease

Opening balance	7,253,192	3,359,031
Obtained during the year	5,130,000	7,650,000
	12,383,192	11,009,031
Paid during the year	(4,277,267)	(3,755,839)
	8,105,925	7,253,192
Current portion shown under current liabilities	(4,302,605)	(3,950,255)
	3,803,320	3,302,937

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

Particluars	2019 (Rupees)			2018 (Rupees)		
	Minimum lease payments	Finance cost of future periods	Present value of minimum lease payments.	Minimum lease payments	Finance cost of future periods	Present value of minimum lease payments.
Payable within one year	5,322,840	1,020,235	4,302,605	4,604,978	654,723	3,950,255
Payable after one year but not more than five years	4,327,850	524,126	3,803,320	3,603,541	300,604	3,302,937
Total	**9,650,690**	**1,544,361**	**8,105,925**	**8,208,519**	**955,327**	**7,253,192**

17.2 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 + 6.00% and 3 month kibor + 5.50% (2018: 6 month KIBOR + 5.75% p.a to 6.00% p.a). There is no major restriction imposed by leasing company.

18. Deferred liabilities

	NOTE	2019	2018
Deferred taxation	18.1	92,646,327	115,842,974
Staff retirement benefits - gratuity	18.2	39,593,405	35,916,142
Unearned lease finance income	18.3	180,285	1,262,049
		132,420,017	153,021,165

18.1. Deferred taxation

	NOTE	2019	2018
Deferred tax			
Opening balance		115,842,974	57,135,434
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		(23,898,820)	(32,782,511)
Statement of comprehensive income		702,173	(387,757)
Closing balance	18.1.1	92,646,327	115,842,974

18.1.1. Deferred tax liability

	2019	2018
Accelerated tax depreciation	179,302,077	194,446,110
Deferred tax assets		
Provision for gratuity	(11,482,087)	(10,774,843)
Finance lease liability	(2,350,718)	(2,175,958)
Excess of minimum tax liability over normal tax liabilty	(19,866,138)	(10,869,431)
Carried forward losses	(52,956,807)	(54,782,904)
	(86,655,750)	(78,603,136)
Net deferred tax liability	92,646,327	115,842,974
Deferred tax liability recognized	92,646,327	115,842,974

18.2. Staff retirement benefits - gratuity

	NOTE	2019	2018
Amount recognized in the balance sheet			
Present value of defined benefit obligation	18.2.1	39,593,405	35,916,142

	NOTE	2019 RUPEES	2018 RUPEES
18.2.1. Present value of defined benefit obligation			
Present value of defined benefit obligation		35,916,142	35,596,243
Current service cost		9,311,294	7,103,534
Past service cost		769,040	-
Interest cost on defined benefit obligation		2,921,792	2,354,520
Benefits paid		(6,903,578)	(10,430,677)
Remeasurement (gain)/loss on obligation	18.2.3	(2,421,285)	1,292,522
		39,593,405	35,916,142
18.2.2. Expenses to be charged to P&L			
Current service cost		9,311,294	7,103,534
Past service cost		769,040	-
Interest cost on defined benefit obligation		2,921,792	2,354,520
		13,002,126	9,458,054
18.2.3. Total remeasurements chargeable in other comprehensive income			
Remeasurements:			
Actuarial loss from changes in financial assumptions		108,633	25,807
Experience adjustments		(2,529,918)	1,266,715
		(2,421,285)	1,292,522
18.2.4. Changes in net liability			
Statement of finanical position Liability		35,916,142	35,596,243
Expense chargeable to P&L		13,002,126	9,458,054
Remeasurements (gain)/loss chargeable in other comprehensive income		(2,421,285)	1,292,522
Benefits paid		(6,903,578)	(10,430,677)
		39,593,405	35,916,142
18.2.5. Significant actuarial assumptions			
Discount rate		14.25% p.a.	9.00% p.a.
Expected rate of increase in salary		13.25% p.a.	8.00% p.a.
Average expected remaining working life time of employees		4 years	4 years
18.2.6. Year end sensitivity analysis ($\pm$ 100 bps) on defined benefit obligation			
Discount rate + 100 bps		37,492,491	33,858,791
Discount rate - 100 bps		41,993,844	38,289,825
Salary increase + 100 bps		41,993,844	38,289,825
Salary increase - 100 bps		37,457,471	33,822,993

The average duration of the defined benefit obligation is 6 years.

18.2.7. Expected payment to the obligation for next year is Rs. 12,728,383/-.

	NOTE	2019 RUPEES	2018 RUPEES
18.3. Unearned lease finance income			
Unearned lease finance income		1,262,049	2,343,813
Current portion shown under trade and other payables		(1,081,764)	(1,081,764)
		180,285	1,262,049
19. Trade and other payables			
Creditors		46,994,868	49,573,224
Advances from customers		346,594	1,252,572
Accrued charges		8,587,562	7,197,942
Sales tax payable		107,724	120,383
Workers' profit participation fund	19.1	285,863	231,795
Current portion of unearned lease finance income		1,081,764	1,081,764
		57,404,375	59,457,680
19.1. Workers' profit participation fund			
Payable at the beginning of the year		231,795	-
Charge for the year		285,863	231,795
		517,658	231,795
Paid to workers during the year		(231,795)	-
Payable at the end of the year		285,863	231,795
20. Mark-up accrued on loans			
Long term financings		4,753,178	3,924,050
Short term financings		11,900,770	6,176,181
		16,653,948	10,100,231

		NOTE	2019 RUPEES	2018 RUPEES
21. Short term financings				
Secured				
From banking companies				
Under mark-up arrangements	**Limit**			
Cash finance (Pledge)	450 M (2018: 450 M)	21.1	230,732,433	168,848,187
Cash finance (Hypo)	70 M (2018: 70 M)	21.2	69,823,302	69,878,441
Term Finance (TF)	Nil (2018: 20 M)		-	19,991,061
			300,555,735	258,717,689

21.1 These carry mark-up at the rate of 1 month KIBOR + 1.75% (2018: 3 months KIBOR + 1.75%) for Bank Alfalah Limited and 3 months KIBOR + 1.75% (2018: 3 months KIBOR + 1.75%) for National Bank of Pakistan. These are secured against pledge of raw material and finished goods amounting to Rs. 258.519 million and 1st charge of Rs. 267 million out of total charge of Rs. 335 million.

21.2 These carry mark-up at the rate of 3 months KIBOR + 2% (2018: 3 months KIBOR + 2%) for National Bank of Pakistan and 1 month KIBOR + 2% (2018: 3 months KIBOR + 2%) for Bank Alfalah Limited. These are secured against hypothecation of Rs. 67 million current assets of the company. Cash finance from National Bank of Pakistan is further secured by personal property of the director.

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

21.4 Total unavailed limits as at balance sheet date are Rs. 219.444 million (2018: Rs. 281.28 million).

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

	2019	2018
Balance as at July 01,	258,717,688	241,832,787
Obtained during the year	1,567,595,570	1,887,280,404
	1,826,313,258	2,129,113,191
Paid / adjusted during the year	(1,525,757,523)	(1,870,395,503)
Balance as at June 30,	300,555,735	258,717,688

22. Current portion of non current liabilities

	2019	2018
Long term financing	56,019,270	45,36[illegible],440
Liabilities against assets subject to finance lease	4,302,605	3,950,255
	60,321,875	49,314,695

23. Contingencies & commitments

23.1. Contingencies

	2019	2018
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	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	2019 RUPEES	2018 RUPEES
23.2. Commitments			
Letter of credit		-	3,367,000

23.3. The Company has entered into Ijarah arrangement for vehicle amounting to Rs. 2,834,240 (2018: Rs 4,763,836/-) as on June 30, 2019 with total tenure of three years.

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

		2019	2018
Not later than one year;		2,125,680	2,041,644
Later than one year but not later than five years;		708,560	2,722,192
		2,834,240	4,763,836

24. Sales

		2019	2018
Local			
-Yarn		1,882,660,834	1,517,578,767
-Waste		15,865,261	11,156,146
		1,898,526,095	1,528,734,913
Less : Commission		(5,513,602)	(4,159,860)
		1,893,012,493	1,524,575,053

25. Cost of sales

	NOTE	2019	2018
Cost of goods manufactured	25.1	1,764,974,414	1,434,458,785
Finished goods			
Opening stock		32,331,527	35,286,424
Closing stock	25.1.5	(14,830,194)	(32,331,527)
		17,501,333	2,954,897
Cost of sales		1,782,475,747	1,437,413,682

25.1.Cost of goods manufactured

	NOTE	2019	2018
Raw material consumed	25.1.1	1,268,306,448	951,437,849
Fuel and power		218,946,897	229,786,009
Salaries, wages & benefits	25.1.4	139,600,969	130,869,849
Packing & other material	25.1.2	19,803,242	20,375,083
Store & spares consumed	25.1.3	34,412,268	29,816,902
Repair & maintenance		1,147,769	827,307
Insurance		4,377,015	4,875,347
Depreciation	4.1.1	77,825,220	65,894,964
Other materials, services & overheads		959,300	952,648
		1,765,379,128	1,434,835,958
Work in process			
Opening stock		9,887,276	9,510,103
Closing stock		(10,291,990)	(9,887,276)
		(404,714)	(377,173)
Cost of goods manufactured		1,764,974,414	1,434,458,785

25.1.1. Raw material consumed

		2019	2018
Purchases include direct expenses			
Cotton		773,331,231	579,947,354
Polyester		551,970,195	405,557,890
		1,325,301,426	985,505,244
Stock			
Opening		180,802,155	146,734,760
Closing		(237,797,133)	(180,802,155)
		(56,994,978)	(34,067,395)
		1,268,306,448	951,437,849

25.1.2. Packing material consumed

		2019	2018
Purchases include direct expenses		18,651,158	20,694,328
Stock			
Opening		3,011,895	2,692,650
Closing		(1,859,811)	(3,011,895)
		1,152,084	(319,245)
		19,803,242	20,375,083

	NOTE	2019 RUPEES	2018 RUPEES
25.1.3. Store & spares consumed			
Purchases include direct expenses		33,832,405	41,358,022
Stock			
Opening		43,706,909	32,165,788
Closing		(43,127,046)	(43,706,909)
		579,863	(11,541,121)
		34,412,268	29,816,901

25.1.4. It includes provision for staff retirement benefits - gratuity amounting to Rs. 11,701,913/- (2018: Rs. 8,512,249/-).

25.1.5. It includes an amount of Rs. 393,412/- (2018: Rs. 259,101/-) in respect of write down of inventories to net realizable value.

26. Administrative

	NOTE	2019 RUPEES	2018 RUPEES
Directors' remuneration	26.1	11,850,000	9,100,000
Salaries & benefits	26.2	17,418,772	18,696,511
Telephone, mobile and communications		441,486	408,674
Electricity		357,392	386,949
Insurance		1,099,394	986,979
Printing and stationery		127,984	96,249
Vehicle running and maintenance		2,954,409	2,621,250
Repair & maintenance		427,060	377,363
Traveling		323,554	266,598
Entertainment		653,274	602,901
Rent, rates & taxes		2,869,730	2,682,193
News paper & periodicals		7,830	4,598
Auditors' remuneration	26.3	506,250	440,000
Legal & professional		343,500	711,236
Charity & donation	26.4	1,122,000	528,437
Depreciation	4.1.1	3,599,764	3,894,365
Sales tax written off / recovery		243,967	800,091
Ijarah rentals		2,080,364	1,585,758
Others		683,751	363,542
		47,110,481	44,553,694

26.1. Directors' remuneration

	2019				2018			
	CEO	Director	Executives	Total	CEO	Director	Executives	Total
No. of persons	1	1	5	7	1	1	5	7
				Rupees				
Remuneration for services	6,954,545	3,818,182	12,327,273	23,100,000	5,454,545	2,818,182	7,990,909	16,263,636
Medical allowance	695,455	381,818	1,232,727	2,310,000	545,455	281,818	799,091	1,626,364
	7,650,000	4,200,000	13,560,000	25,410,000	6,000,000	3,100,000	8,790,000	17,890,000

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

26.2. It includes provision for staff retirement benefits - gratuity amounting to Rs. 1,300,213/- (2018: Rs. 945,805/-).

26.3. Auditor remuneration includes the following:

	2019	2018
Statutory audit	506,250	440,000

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

27. Other Income

	NOTE	2019 RUPEES	2018 RUPEES
Financial assets			
Investment support "(TUF)" scheme		-	3,392,352
Other than financial assets			
Scrap sale	27.1	1,269,267	1,222,350
Gain on sale of operating fixed assets		1,289,006	227,369
Earned lease finance income		1,081,764	901,466
		3,640,037	5,743,537

27.1. Scrap sale

	2019 RUPEES	2018 RUPEES
Gross sale	1,485,042	1,430,150
Less: sales tax	215,775	207,800
	1,269,267	1,222,350

28. Finance cost	NOTE	2019 RUPEES	2018 RUPEES
Bank charges & commission		1,271,791	1,390,499
Lease finance charges		889,383	798,141
Mark-up on secured loans			
- on long term financings		18,263,608	16,112,031
- on short term financings		40,924,263	25,414,652
		61,349,045	43,715,323

29. Taxation			
Current	29.1 & 29.2	23,747,442	19,124,466
Deferred		(23,898,820)	(32,782,511)
		(151,378)	(13,658,045)

29.1 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.

29.2 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:

	2018	2017	2016
		------------------Rupess------------------	
Provision as per financial statements	19,124,466	6,773,849	735,746
Tax assessment	19,124,466	6,773,849	735,746

30. 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.

30.1. Financial instruments by category	NOTE	2019 RUPEES	2018 RUPEES
Financial assets:			
Financial assets at amortized cost			
Long term deposits		6,213,910	6,213,910
Trade debts		12,054,137	3,577,481
Loans and advances		4,972,979	4,907,461
Other receivables		-	3,392,352
Cash and bank balances		62,844,260	59,713,182
		86,085,286	77,804,386
Financial liabilities:			
Financial liabilities at amortized cost			
Long term financings		144,716,933	190,081,373
Liabilities against assets subject to finance lease		8,105,925	7,253,192
Trade and other payables		55,976,017	57,123,344
Markup on accrued loan		16,653,948	10,100,231
Short term financings		300,555,735	258,717,689
		526,008,558	523,275,828

30.2. 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.

30.2.1. Credit risk and concentration of credit risk

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

	2019 RUPEES	2018 RUPEES
Long term deposits	6,213,910	6,213,910
Trade debts	12,054,137	3,577,481
Loans and advances	4,972,979	4,907,461
Other receivables	-	3,392,352
Bank balances	4,431,256	610,660
	27,672,282	18,701,864

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	2019 (Rupees)		2018 (Rupees)	
	Gross debts	Impairment	Gross debts	Impairment
Not past due	12,054,137	-	1,064,715	-
Past due 0 - 365 days	-	-	2,507,187	-
More than 365 days	-	-	5,579	-
	12,054,137	-	**3,577,481**	-

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	2019	2018
	Short term	Long term		-------- Rupees	--------
Bank Al Falah Ltd	A-1+	AA+	PACRA	100,027	399,867
Faysal Bank Ltd	A-1+	AA	PACRA	-	8,856
Habib Bank Ltd	A-1+	AAA	JCR-VIS	93,493	81,416
Habib Metropolitan Bank Ltd	A-1+	AA+	PACRA	4,161,771	44,731
Meezan Bank Limited	A-1+	AA+	JCR-VIS	60,129	74,217
National Bank Ltd	A-1+	AAA	PACRA	15,836	1,573
		Total		**4,431,256**	**610,660**

30.2.2 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 liquidity 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, 2019					
Trade and other payables	55,976,017	55,976,017	55,976,017	-	-
Markup on accrued loans	16,653,948	16,653,948	16,653,948	-	-
Short term borrowings	300,555,735	300,555,735	300,555,735	-	-
Long term financings	144,716,933	144,716,933	56,019,270	88,697,663	-
Liabilities against assets subject to finance lease	8,105,925	8,105,925	4,302,605	3,803,320	-
Total	**526,008,558**	**526,008,558**	**433,507,575**	**92,500,983**	-

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	**523,275,828**	**523,275,828**	**375,255,958**	**148,019,870**	-

30.2.3 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. 5.5 million (2018: Rs. 5.03 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.

	2019 %	2018 %	2019	2018
			----(RUPEES)----	
Floating rate instruments				
Financial liabilities				
Long term loans	9.04-12.80	8.15-8.21	144,716,933	190,081,373
Short term borrowings	7.89-14.80	7.89-9.02	300,555,735	258,717,688
Liabilities against assets subject to finance lease	12.22-12.42	12.22-12.42	8,105,925	7,253,192
			453,378,593	456,052,253

(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 Nil. (2018: Rs. 3.367 million).

At June 30, 2019, 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 Nil (2018: Rs. 168,350/-) 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.

30.3. Determination of fair value

30.3.1 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.

30.3.2 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, 2019 are as follows:

Particulars	Level 1		Level 2		Level 3	
	2019	2018	2019	2018	2019	2018
	-----------------------------Rupees-----------------------------					
Operating fixed assets						
Freehold						
Land	-	-	109,390,500	109,390,500	-	-
Building	-	-	232,279,926	244,505,185	-	-
Plant and Machinery	-	-	531,352,500	590,391,667	-	-
Electric installation and appliances	-	-	58,899,000	65,443,333	-	-
Total	-	-	**931,921,926**	**1,009,730,685**	-	-

30.4. 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:

	2019	2018
	RUPEES	**RUPEES**
Long term financing	144,716,933	190,081,373
Short term financing	300,555,735	258,717,688
Liabilities against assets subject to finance lease	8,105,925	7,253,192
Total debt	**453,378,593**	**456,052,253**
Less: Cash and bank balances	62,844,260	59,713,182
Net debt	**390,534,333**	**396,339,071**
Equity	**738,691,266**	**732,427,435**
Capital employed	**1,129,225,599**	**1,128,766,506**
Gearing ratio	**34.58%**	**35.11%**

31. Plant capacity and actual production

	2019	2018
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)	366	355
No. of shifts per day	3	3

31.1. Reason for shortfall

Power load-shedding by utility companies, periodic maintenace, production planning and machinery breakdowns.

32. Number of employees

	2019	2018
Total number of employees as at June 30,		
-Staff	90	88
-Unit employees	417	416
	507	504

	2019	2018
Average number of employees (Staff) for the year	87	87
Average number of employees (Factory) for the year	411	410

33. 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;

34. Transaction during the period

Relationship with the Company	Nature of transactions	2019 RUPEES	2018 RUPEES
	Rent expense	1,800,000	1,800,000
Key management personnel	Remuneration to Directors	11,850,000	9,100,000
	Repayament of loan	-	338,636

35. Date of authorization for issue

These financial statements have been authorized for issue by the Board of Directors as on September 23, 2019.

36. Events after the reporting period

There are no significant activities since June 30, 2019 causing any adjustment or disclosure in the financial statements.

37. General

37.1 Nomenclature of following account head changed for better presentation.

Previous nomenclature	Current nomenclature
Trade deposits and short term prepayments	Short term prepayments

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

CHIEF EXECUTIVE

DIRECTOR