STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees Restated	2017 Rupees Restated
NON CURRENT ASSETS				
Property, plant and equipment	4	900,269,654	868,457,835	902,017,774
Long term deposits	5	4,397,945	5,735,445	7,952,894
		904,667,599	874,193,280	909,970,668
CURRENT ASSETS				
Stores and spares	6	108,223,667	115,559,079	130,602,704
Stock in trade	7	6,382,808	333,342,716	384,738,058
Trade debts	8	108,318,355	14,659,943	13,037,658
Advances and prepayments	9	26,068,788	17,630,164	21,573,157
Balance with statutory authorities	10	4,066,678	12,119,163	15,881,820
Cash and bank balances	11	680,281	1,339,905	1,754,436
.		253,740,576	494,650,970	567,587,833
		1,158,408,175	1,368,844,250	1,477,558,501
SHARE CAPITAL AND RESERVES				
Authorized capital				
70,000,000 ordinary shares of Rs.10 each	13	700,000,000	700,000,000	700,000,000
Issued, subscribed and paid up capital				
52,214,400 ordinary shares of Rs. 10 each, fully paid in cash		522,144,000	522,144,000	522,144,000
Capital reserves	14	3,240,000	3,240,000	3,240,000
Accumulated loss		(763,509,523)	(662,018,427)	(666,208,704)
Surplus on revaluation of property plant and equipment	15	355,691,923	316,787,467	323,759,003
		117,566,400	180,153,040	182,934,299
Long term loan from chief executive and directors	16	386,951,554	317,021,554	467,101,554
		504,517,954	497,174,594	650,035,853
NON CURRENT LIABILITIES				
Long term financing from banking		-	-	2,500,002
Long term financing from others	17	-	79,420,000	83,015,625
Long term financing from associates	18	78,492,812	52,651,676	51,575,312
Deferred liabilities	19	103,843,029	80,992,510	88,191,136
CURRENT LIABILITIES				
Trade and other payables	20	258,134,587	275,381,114	255,643,562
Accrued mark up	21	9,482,630	11,217,986	5,716,498
Unclaimed dividend		402,570	402,570	402,570
Loan from banking companies	22	26,365,818	175,934,149	198,832,154
Loan from related party	23	11,869,000	12,869,000	-
Current portion of non current liabilities				-
Long term financing from banking companies		807,999	4,166,665	4,166,665
Long term financing from others	17	164,491,776	175,933,921	137,479,125
Provision for taxation	24	-	2,700,065	-
		471,554,380	658,605,470	602,240,574
CONTINGENCIES AND COMMITMENTS	25	-	-	-
		1,158,408,175	1,368,844,250	1,477,558,502

The annexed notes 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees	2017 Rupees
Sales	26	719,481,132	325,009,471	400,356,060
Cost of sales	27	821,113,406	414,947,670	511,561,396
Gross loss		(101,632,274)	(89,938,199)	(111,205,336)
Operating expenses				
Distribution cost	28	-	149,105	46,317
Administrative expenses	29	18,559,817	18,365,421	16,935,136
Other operating expenses-***Obsolete stock***		-	10,000,000	-
		18,559,817	28,514,526	16,981,453
		(120,192,091)	(118,452,725)	(128,186,790)
Other operating income	30	103,324,723	156,913,063	1,739,460
		(16,867,368)	38,460,338	(126,447,330)
Finance cost	31	83,447,427	43,859,906	8,272,572
Loss before taxation		(100,314,796)	(5,399,568)	(134,719,901)
Taxation	32	(9,480,237)	(317,648)	3,586,800
Loss for the year		(109,795,033)	(5,717,216)	(138,306,701)
Loss per share - basic and diluted	33	(2.10)	(0.11)	(2.65)

The annexed notes 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees	2017 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation		(100,314,796)	(5,399,568)	(134,719,901)
Adjustments for non cash and other items:				
Depreciation		36,501,592	38,450,623	40,344,172
Provision for staff retirement benefit-gratuity		2,442,348	1,367,726	1,615,683
Loan written back		(263,350,000)	(155,288,893)	-
Exchange gain		-	-	(598,661)
Finance cost		80,349,019	43,859,906	8,272,572
Cash used in before changes in working capital		(244,371,836)	(77,010,206)	(85,086,135)
Changes in working capital				
(Increase) / decrease in current assets				
Stores and spares		7,335,412	15,043,625	2,001,510
Stock in trade		326,959,908	51,395,342	(21,482,776)
Receivable from associated companies		-	1,072,062	110,500
Trade debts		(93,658,412)	(1,622,285)	6,777,433
Advances and prepayments		(8,438,626)	2,695,932	(4,859,596)
Balance with statutory authorities		(843,612)	(780,524)	(1,007,647)
Increase / (decrease) in current liabilities				
Trade and other payables		(17,739,025)	24,611,550	5,949,016
		213,615,645	92,415,702	(12,511,560)
Cash generated from operations		(30,756,191)	15,405,495	(97,597,695)
Finance cost paid		(9,596,520)	(2,355,272)	(4,903,566)
Taxes paid		(2,819,870)	2,694,121	(2,030,588)
Staff retirement gratuity paid		(668,682)	(809,023)	(435,729)
		(13,085,072)	(470,174)	(7,369,883)
Net cash generated from operating activities		(43,841,263)	14,935,321	(104,967,578)
b) CASH FLOWS FROM INVESTING ACTIVITIES				
Addition in property, plant and equipment		-	(4,890,684)	-
Sale proceeds from the disposal of assets		-	-	700,000
Long term deposits		1,337,500	2,217,449	(962,789)
Net cash used in operating activities		1,337,500	(2,673,235)	(262,789)
c) CASH FLOWS FROM FINANCING ACTIVITIES				
Long term financing from banking companies		(3,358,666)	(2,500,002)	(3,412,808)
Long term financing from associates		25,841,136	-	-
Long term financing from directors and associates		168,930,000	(1,143,975)	52,169,403
Long term financing from others		-	13,865,364	34,075,049
Net cash generated from financing activities		191,412,470	10,221,387	82,831,644
Net increase in cash and cash equivalents		148,908,706	22,483,473	(22,398,723)
Cash and cash equivalents at the beginning of the year		(174,594,244)	(197,077,717)	(174,678,994)
Cash and cash equivalents at the end of the year	12	(25,685,537)	(174,594,244)	(197,077,717)

The annexed notes 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Capital reserves	Revenue reserve	Revaluation surplus on property, plant and equipment	Sub Total	Long term loan form chief executive and directors	Total
			Accumulated loss				
	-------	-------	-------	Rupees	-------	-------	-------
Balance as at June 30, 2017- Restated	522,144,000	3,240,000	(659,208,704)	323,759,003	189,934,299	460,101,554	650,035,853
Impact of restatement - note 3.22	-	-	(7,000,000)	-	(7,000,000)	7,000,000	-
Balance as at June 30, 2017- Adjusted	522,144,000	3,240,000	(666,208,704)	323,759,003	182,934,299	467,101,554	650,035,853
Total comprehensive loss for the year	-	-	(5,378,498)	-	(5,378,498)	-	(5,378,498)
Loan received during the year	-	-	-	-	-	10,000	10,000
Loan paid during the year	-	-	-	-	-	(90,000)	(90,000)
Loan written back during the year						(150,000,000)	(150,000,000)
Transferred from surplus on revaluation of property, plant and equipment on account of deferred tax attributable to surplus	-	-	9,568,775	(9,568,775)	-	-	-
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred taxation	-	-	-	2,597,239	2,597,239	-	2,597,239
Balance as at June 30, 2018- Restated	522,144,000	3,240,000	(662,018,427)	316,787,467	180,153,040	317,021,554	497,174,594
Total comprehensive profit / (loss) for the year	-	-	(109,795,033)	-	(109,795,033)	-	(109,795,033)
Revaluation surplus arised during the year	-	-	-	68,313,411	68,313,411	-	68,313,411
Loan received during the year	-	-	-	-	-	170,130,000	170,130,000
Loan paid during the year	-	-	-	-	-	(200,000)	(200,000)
Written back during the year	-	-	-	-	-	(100,000,000)	(100,000,000)
Remeasurement of staff retirement benefits-net of deffered tax		-	(610,994)	-	(610,994)	-	(610,994)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred taxation	-	-	8,914,931	(8,914,931)	-	-	-
Revaluation surplus on property, plant and equipment - Deferred tax impact	-	-	-	(20,494,023)	(20,494,023)	-	(20,494,023)
Balance as at June 30, 2019	522,144,000	3,240,000	(763,509,523)	355,691,924	117,566,401	386,951,554	504,517,955

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees	2017 Rupees
Loss for the year	(109,795,033)	(5,717,216)	(138,306,701)
Other comprehensive income :			
Items that will not be reclassified subsequently to profit or loss			
Revaluation surplus on property, plant and equipment	68,313,411	-	-
Deffered tax on revaluation surplus on property, plant and equipment	(20,494,023)	-	-
	47,819,388	-	-
Remeasurement of staff retirement benefits	(872,848)	469,291	1,636,020
Deferred tax on remeasurement of staff retirement benefits	261,854	(130,573)	(435,169)
	(610,994)	338,718	1,200,851
Total other comprehensive income - net of tax	47,208,394	338,718	1,200,851
Total comprehensive loss for the year	(62,586,639)	(5,378,498)	(137,105,850)

The annexed notes 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan on October 18, 1980 as a private limited company and was subsequently converted into public limited company. The registered office of the company is located at 3-A, SMC Housing Society, Shahra-e-Faisal, Karachi and head office of the company is located at 35-Industrial area, Gulberg III, Lahore. The shares of the company are quoted on the Pakistan stock exchange limited. The principal business of the company is manufacturing and sale of yarn. The manufacturing units are located at Manga Road, Raiwind in the province of Punjab.

1.1 Going concern assumption

The company has been incurring gross losses for the last six years due to under utilization of production capacity. During the year ended June 30, 2019, the company has incurred a net loss amounting Rs. 109.795 million and has accumulated loss Rs.763.509 mllion as of that date. During the year, unit-1 of the company was operated almost full year and unit-2 operated patially. Due to un-sustained supply of gas, the company was unable to produce electricity from its own electricity generation plant. Consequently, production of yarn is considerably less as compared with the installed capacity. All these factors impede the company to achieve the optimal production.

These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements, however, have been prepared under the going concern assumptions based on the following mitigating factors narrated below;

During the year, Sponsoring Directors of the company have injected further funds amounting Rs. 170.130 million along with written commitment to the company stating that they would inject funds as and when required by the company. The Sponsoring Directors also put on record that they have enough liquid fund to fulfill their commitments. Further, during the year the one of the director has waived off the loan payable to him amounting Rs. 100.00 million . Based on these factors, the management of the company has also developed a financial plan which, inter-alia, includes cost cutting measures that would be taken to achieve the objects of the company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

2.2.1 These financial statements have been prepared under the historical cost convention, except for Property plant and equipment's and recognition of certain staff retirement benefits at present value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years.

2.2.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED

Effective in current year and are relevant to the Company

The Company has adopted all the new standards and amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year:

2.3.1 IFRS 9: Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

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

i Classification and measurement of financial assets and financial liabilities

The revised provisions on the classification and measurement of financial assets (applicable mainly to trade receivables and other receivables) and financial liabilities (mainly trade creditors and interest-bearing debt) have not affected company's financial information. Consequently, the comparative figures have not been restated on the introduction of IFRS 9.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018.

Financial assets	Note	Original classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Trade debts	8	Amortized cost	108,318,355	108,318,355
Long term deposits	5	Amortized cost	4,397,945	4,397,945
Cash and bank balances	11	Amortized cost	680,281	680,281

ii Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement basis:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Company's financial assets include mainly trade debts, deposits, advances, other receivables and bank balances.

The Company's trade receivables do not contain financing component (as determined in terms of the requirements of IFRS 15 "Revenue from Contracts with Customers"), therefore, the Company is using simplified approach, that does not require the Company to track the changes in credit risk, but, instead, requires to recognize a loss allowance based on lifetime ECLs at each reporting date.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors.

iii Transition

The Company has used the exemption not to restate comparative periods and any adjustments on adoption of IFRS 9 are to be recognized in statement of changes in equity as on July 1, 2018. However, the adoption of IFRS 9 did not have any impact on opening retained earnings as on July 1, 2018. Accordingly, the comparative information is presented as per the requirements of IAS 39.

2.3.4 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' is effective for accounting period beginning on or after July 1, 2018. This standard has replaced IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers.

The IFRS 15 establish a five-steps mode to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the entities to exercise judgment, taking in to consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customers. Hence, the Company has concluded that the impact of adoption of revenue recognition model as laid down in IFRS 15 is not material.

There is no material impact of transition to IFRS 15 on the financial position of the Company and there is no effect on the accounting policies of the Company in respect of revenue from contracts with Customers.

2.4 Amendments to standards effective in current year and not relevant to the Company

Effective date (annual periods ' beginning on or after)

IFRS 2	Share-based payments	January 1, 2018
IFRS 4	Insurance contract	January 1, 2018
IAS 40	Investment property	January 1, 2018

2.5 Standards / Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards:

IFRS 3	Business Combinations - Amendment requiring an entity to remeasure its previously held interest at fair value when it obtains control of a business that is a joint operation.	January 1, 2019
IFRS 3	Business Combinations - The amendments clarify the definition of a business, the amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.	January 1, 2020
IFRS 9	Financial Instruments - Prepayment Features with Negative Compensation and modifications of financial liabilities. The amendment allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. The amendment also clarified that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss.	January 1, 2019
IFRS 11	Joint Arrangement - The proposed amendments is to eliminate diversity in practice in the accounting for previously held interests in the assets and liabilities of a joint operation in transactions in which an entity obtains control, or joint control, of a joint operation that meets the definition of a business.	January 1, 2019
IFRS 16	Leases - IFRS 16 replaces existing leasing guidance, including IAS 17 ‘Leases’, IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.	January 1, 2019
IFRS 17	Insurance Contracts - address the principles for the recognition, measurement, presentation and disclosure of Insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity’s financial position, financial performance and cash flows.	January 01,2021
IAS 1	Presentation of Financial Statements - amendments to its definition of material to make it easier for companies to make materiality judgements. The materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.	January 01,2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - The amendments are intended to make the definition of material easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.	January 01,2020

IAS 12	Income tax - Recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized. The amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.	January 1, 2019
	To use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after plan amendment, curtailment and settlement when entity measure its net defined benefit liability, and;	January 1, 2019
	To recognize in profit or loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of impact of the asset ceiling.	
IAS 23	Borrowing Costs - to clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowings made specifically to obtain that qualifying asset as part of the funds that it has borrowed.	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures - Clarification that an entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture measuring an associate or joint venture at fair value.	January 1, 2019
	The amendment clarifies that an entity applies IFRS 9 ‘Financial Instruments’ 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.	

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

3.2 Taxation

Current

Company's export sales fall under presumptive tax regime under Section 169 of the Income Tax Ordinance, 2001. Charge for current taxation other than export is based on taxable income at the current rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

Deferred

The company accounts for deferred taxation using the liability method on all timing differences which are considered reversible in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred tax is calculated at the rates expected to apply to the period when the related temporary differences reverse, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

3.3 Staff retirement benefits - gratuity

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

Principal Actuarial Valuation	2019	2018
Discount rate	12.5%	9%
Expected rate of eligible salary increase in future years	12.5%	9%

3.4 Foreign Currency Translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are included in income currently.

3.5 Trade and Other Payables

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

3.6 Dividends

Dividend distribution to company's shareholders is recognized as a liability in the period in which dividend is approved.

3.7 Contingencies and Commitments

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the financial statements.

3.8 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land ,building and plant and machinery. Freehold land ,building and plant and machinery is stated at revalued amount. Borrowing costs pertaining to erection / construction period are capitalized as part of the historical cost.

Depreciation is charged to income applying reducing balance method to write-off the cost, capitalized exchange fluctuations and borrowing costs over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets.

Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The company assesses at each balance sheet date whether there is any indication that property, plant and equipment 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 income currently. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

Gains/losses on disposal of fixed assets are taken to Profit and Loss Account.

Minor repairs and maintenance are charged to profit & loss, as and when incurred. Major renewals and replacements are capitalized and the assets so replaced, if any, other than those kept as stand by, are retired.

3.10 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date.

3.11 Capital Work in Progress

Capital work in progress is stated at cost less any identified impairment loss.

3.12 Long Term Deposits and Loans

These are stated at cost which represents the fair value of consideration given.

3.13 Stores, Spares and Loose Tools

Useable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores and spares are valued at cost comprising invoice value plus other charges paid thereon.

3.14 Stocks in trade and stores, spares and loose tools

These are valued at lower of cost or net realizable value except stock in transit which are valued at cost comprising invoice values plus other charges incurred up to the balance sheet date. Cost is determined as under;

Raw material	Weighted average cost
Packing material	Moving average cost
Work in process	Raw material cost and appropriate manufacturing overheads
Finished goods	Raw material cost, packing material cost and appropriate manufacturing overheads
Waste	Net realizable value

Net realizable value signifies the estimated selling prices in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sales.

3.15 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account. Exchange gains and losses arising in respect of trade and other receivables in foreign currency are added to the carrying amount of receivables.

3.16 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in cash flow statement comprise of cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term running finances under mark up arrangements.

3.17 Financial instruments

3.17.1 **Financial assets**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized cost

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

(i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and

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

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

3.17.2 **Financial liabilities**

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

3.17.3 **Recognition and measurement**

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

3.17.4 **Derecognition**

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

3.18 Off setting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.19 Revenue recognition

Export sales are booked on shipment basis.

Other sales are recorded when significant risks and rewards of ownership of the goods have passes to the customers which coincides with dispatch of goods to customers.

Return on deposits with banks is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend is recognized as income when the right to receive dividend is established.

Other revenues are recorded, as and when due, on accrual basis.

3.20 Borrowings and 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 or sale. All other borrowing costs are charged to income in the period of incurrence.

3.21 Basic and diluted earnings per share

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

3.22 Correction of fundamental error

During the year ended June 30, 2016, Habib Metropolitan Bank Limited had deducted Rs.7.00 million against its loan liability outstanding in its books from the bank account maintained by Mrs. Naheed Javed, a director of the company. During the previous year, the company had settled the loan liability with Habib Metropolitan Bank Limited. However, the bank has not reversed the above deduction amounting Rs.7.00 million. Further, the bank confirmed that above deduction was made as adjustment of loan obtained by the company. This error has been adjusted retrospectively in accordance with the requirement of International Accounting Standards (IAS-8) "Accounting Policies, Changes in Accounting Estimates and Errors" and the resulting adjustments had been made retrospectively. Consequently, long term loan from chief executive and directors and accumulated loss as at June 30, 2016 has increased by Rs. 7.00 million respectively.

4 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST / REVALUED AMOUNTS				DEPRECIATION				BOOK VALUE	
	As at July 01, 2018	Additions/ transfers during the Year	Revaluation /devaluation during the period	As at June 30, 2019	As at July 01, 2018	Deletion during the year	For the Year	As at June 30 , 2019	As at June 30, 2019	Rate %
	Rupees									
Land - freehold	146,650,000	-	73,325,000	219,975,000	-	-	-	-	219,975,000	
Building on freehold land	199,550,901	-	16,976,500	216,527,401	19,456,213	-	9,004,734	28,460,947	188,066,454	5
Plant and machinery	593,115,184	-	(21,988,089)	571,127,095	57,555,669	-	26,777,976	84,333,645	486,793,450	5
Electric installations	16,141,875	-	-	16,141,875	14,312,081	-	182,979	14,495,060	1,646,815	10
Fire fighting equipment	834,897	-	-	834,897	679,786	-	15,511	695,297	139,600	10
Tube well	1,026,623	-	-	1,026,623	821,186	-	20,546	841,732	184,891	10
Office equipment	5,753,490	-	-	5,753,490	3,976,652	-	177,684	4,154,336	1,599,154	10
Furniture and fixtures	2,085,607	-	-	2,085,607	1,089,957	-	99,565	1,189,522	896,085	10
Vehicles	8,429,112	-	-	8,429,112	7,393,942	-	207,034	7,600,976	828,136	20
Weigh bridge	1,602,508	-	-	1,602,508	1,446,878	-	15,563	1,462,441	140,067	10
Rupees: June 2019	975,190,197	-	68,313,411	1,043,503,608	106,732,362	-	36,501,592	143,233,954	900,269,654	

PARTICULARS	COST / REVALUED AMOUNTS				DEPRECIATION				BOOK VALUE	
	As at July 01, 2017	Additions/ transfers during the Year	Revaluation during the period	As at June 30, 2018	As at July 01, 2017	Deletion during the year	For the Year	As at June 30 , 2018	As at June 30, 2018	Rate
	Rupees									
Land - freehold	146,650,000	-	-	146,650,000	-	-	-	-	146,650,000	
Building on freehold land	199,550,901	-	-	199,550,901	9,977,545	-	9,478,668	19,456,213	180,094,688	5
Plant and machinery	588,224,500	4,890,684	-	593,115,184	29,411,225	-	28,144,444	57,555,669	535,559,515	5
Electric installations	16,141,875	-	-	16,141,875	14,108,770	-	203,311	14,312,081	1,829,794	10
Fire fighting equipment	834,897	-	-	834,897	662,551	-	17,235	679,786	155,111	10
Tube well	1,026,623	-	-	1,026,623	798,360	-	22,826	821,186	205,437	10
Office equipment	5,753,490	-	-	5,753,490	3,779,225	-	197,427	3,976,652	1,776,838	10
Furniture and fixtures	2,085,607	-	-	2,085,607	979,329	-	110,628	1,089,957	995,650	10
Vehicles	8,429,112	-	-	8,429,112	7,135,150	-	258,792	7,393,942	1,035,170	20
Weigh bridge	1,602,508	-	-	1,602,508	1,429,586	-	17,292	1,446,878	155,630	10
Rupees: June 2018	970,299,513	4,890,684	-	975,190,197	68,281,739	-	38,450,623	106,732,362	868,457,835	

4.1 Depreciation charged for the year has been allocated as under:

	2019 Rupees	2018 Rupees
Cost of sales	36,017,309	37,883,776
Administrative expenses	484,283	566,847
	36,501,592	38,450,623

5 LONG TERM DEPOSITS	Note	2019 Rupees	2018 Rupees	2017 Rupees
Deposit against bank guarantees		3,687,500	5,034,000	5,034,000
Security deposits		710,445	701,445	2,918,894
		4,397,945	5,735,445	7,952,894
6 STORES, SPARES AND LOOSE TOOLS				
Stores		59,523,017	69,056,806	71,830,800
Spares		48,700,650	56,501,023	58,770,654
Loose tools		-	1,250	1,250
		108,223,667	125,559,079	130,602,704
Less: Provision for obsolete stock		-	(10,000,000)	-
		108,223,667	115,559,079	130,602,704
7 STOCK IN TRADE				
Raw material		2,173,760	324,449,453	376,094,648
Work in process		3,329,523	3,310,418	3,634,035
Finished goods		879,525	5,582,845	5,009,375
		6,382,808	333,342,716	384,738,058
8 TRADE DEBTS				
Considered good				
Local yarn debtors	8.1	103,644,785	13,163,591	12,779,277
Local waste debtors		4,673,570	1,496,352	258,381
		108,318,355	14,659,943	13,037,658

8.1 These are unsecured but considered good by the management of the Company.

9 ADVANCES AND PREPAYMENTS	Note	2019 Rupees	2018 Rupees	2017 Rupees
Advances-considered good				
- Advances to employees against salaries		908,594	758,294	997,452
- Advances to suppliers		23,974,041	16,335,393	18,436,285
- Advances to employees against purchases		841,479	536,477	1,062,433
Prepayments		344,674	-	4,925
Receivable from associated companies		-	-	1,072,062
		26,068,788	17,630,164	21,573,157
10 BALANCE WITH STATUTORY AUTHORITIES				
Sales tax		2,631,783	1,788,171	1,007,647
Income tax - ***net***		1,434,895	` 10,330,992	14,874,173
		4,066,678	12,119,163	15,881,820
11 CASH AND BANK BALANCES				
Cash in hand		328,151	690,141	411,793
Cash at bank- *current accounts*		352,130	649,764	1,342,643
		680,281	1,339,905	1,754,436
12 CASH AND CASH EQUIVALENTS				
Cash and bank balances	11	680,281	1,339,905	1,754,436
Loan from banking companies	22	26,365,818	175,934,149	198,832,154
		(25,685,537)	(174,594,244)	(197,077,718)

		Note	2019 Rupees	2018 Rupees	2017 Rupees
13	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**				
	52,214,400 (2018: 52,214,400) Ordinary shares of Rs. 10 each allotted for consideration fully paid in cash		522,144,000	522,144,000	522,144,000

13.1 Ordinary shares of the company held by the associated companies at the year end are as follows:

Associated companies	Basis of Relationship	2019	2018	2017
		-----Number of shares---------		
Naheed Noor Enterprises Limited	Common directorship	300,000	300,000	300,000
Naheed Noor (Pvt.) Limited	Common directorship	100,500	100,500	100,500
Sunrise Bottling Company (Pvt.) Limited	Common directorship	6,500,000	6,500,000	6,500,000
		6,900,500	6,900,500	6,900,500

		2019	2018	2017
13.2	**Reconciliation of number of ordinary shares of Rs. 10 each fully paid in cash**			
	At the beginning of the year	52,214,400	52,214,400	52,214,400
	Issued during the year	-	-	-
	At the end of the year	52,214,400	52,214,400	52,214,400

13.3 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry 'one vote' per share without restriction.

14 CAPITAL RESERVES

The balance on this account represents reserves created on acquisition of special national fund bonds.

15 **REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT-NET OF TAX**	Note	2019 Rupees	2018 Rupees	2017 Rupees
Balance as at July 01,		392,107,397	405,777,076	544,511,084
Add: Provided during the year		68,313,411	-	(128,818,179)
		460,420,808	405,777,076	415,692,905
Transferred to accumulated loss in respect of incremental depreciation charged during the year		(8,914,931)	(9,568,775)	(9,915,829)
Related deferred tax liability		(3,820,685)	(4,100,904)	-
		(12,735,616)	(13,669,679)	(9,915,829)
		447,685,192	392,107,397	405,777,076
Less: Related deferred tax liability				
- at beginning of the year		75,319,930	82,018,073	-
- on surplus arising on revaluation during the year		20,494,023	-	82,018,073
- on incremental depreciation charged during the year		(3,820,685)	(4,100,904)	-
- on adjustment due to change in tax rate		-	(2,597,239)	-
		91,993,269	75,319,930	82,018,073
		355,691,923	316,787,467	323,759,003

15.1 This represents surplus on revaluation of property, plant and equipment carried out on June 30, 2019 (previously these were revalued on September 30, 2001, September 30, 2004, June 30, 2008, June 30, 2013 and June 30, 2016) adjusted by surplus realized on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation.

15.2 Based on the latest revaluation report, the forced sale value of above said land, building and plant and machinery is amounting Rs. 186,978,750, Rs. 141,049,569 and Rs. 365,095,087 respectively.

16 LONG TERM LOAN FROM CHIEF EXECUTIVE AND DIRECTORS

	Aggregate % of shareholding	Note	2019 Rupees	2018 Rupees Restated	2017 Rupees Restated
Chief Executive					
Mr. Noor Elahi	34.08%		167,591,878	19,601,878	169,601,878
Directors					-
Mrs. Parveen Elahi	16.78%		93,048,121	180,023,121	180,103,121
Mr.Nabeel Javed	0.0019%		1,965,000	-	-
Mrs. Naheed Javed	32.65%		124,346,555	117,396,555	117,396,555
		16.1	386,951,554	317,021,554	467,101,554

16.1 These loans are unsecured and do not bear any interest or other profit. The loan is repayable at the discretion of the company. Company has no intention to repay director loan within next twelve months from the balance sheet date. Therefore, no portion has been classified under current liabilities.

17 LONG TERM FINANCING FROM OTHERS

	Note	2019 Rupees	2018 Rupees	2017 Rupees
Unsecured				
- from Queenberg Venture Limited	17.1	-	133,760,000	115,500,000
- from Messi Capital Investment Limited	17.2	164,491,776	121,593,921	104,994,750
		164,491,776	255,353,921	220,494,750
Less: Current maturity	17.1 & 17.2	(164,491,776)	(175,933,921)	(137,479,125)
		-	79,420,000	83,015,625

17.1 Unsecured - from QueenBerg Venture Limited

Opening/Transferred from share application money	17.3 & 17.4	99,363,000	99,363,000	99,363,000
Accumulated exchange loss on foreign loan		63,987,000	34,397,000	16,137,000
		163,350,000	133,760,000	115,500,000
Loan written back during the year		(163,350,000)	-	-
		-	133,760,000	115,500,000

17.2 Unsecured - from Messi Capital Investment Ltd

Foreign loan I	17.5	52,369,763	52,369,763	52,369,763
Foreign loan II	17.6	52,395,000	52,395,000	52,395,000
Accumulated exchange loss on foreign loan		59,727,013	16,829,158	229,987
		164,491,776	121,593,921	104,994,750
Current portion		(164,491,776)	(121,593,921)	(104,994,750)
		-	-	-

17.3 During the year ended June 30, 2012, the company had received an amount of Rs. 99,363,000 from Queenberg Venture Limited for issue of shares in future subject to the compliance of all legal requirements. However, shares had not been issued against share deposit money and during the year 2014 this amount was converted into Foreign Currency Loan (At foreign currency amount originally received for issue of shares) as disclosed. During the year Queenberg Venture Limited was dissolved on 18th of June ,2019 so outstanding loan has been written back.

17.4 The Share deposit money referred above was received from Queenberg Venture Limited (a company incorporated under British Virgin Island Business companies Act, 2004, Singapore) as advance payment towards "Share Application Money" on 8th February 2012 for participation in the share equity of the company at agreed number of shares at the time of deposit of money. Shares had not been issued by the company against the share deposit money and investor decided to convert their investment (at originally disbursed foreign currency amount i.e. US. $ 1,100,000) into repatriable foreign currency loans on basis in term of paragraph 17 (ii) of Chapter XIX of foreign Exchange Manual 2002 of State Bank of Pakistan and through negotiations, party agreed to convert their "Equity Participation Fund" into Long term financing for a period of 10 years. The loan is repayable in 32 equal quarterly installments of $ 34,375 which commencing from June 2016 including grace period of two years. The loan was subject to markup at the rate of 1.8494% (applicable 6 month LIBOR plus 1.5% at the time of signing agreement) to be payable six monthly.

17.5 During the year ended June 30, 2016, the Company had received an amount of Rs. 52,369,763 (US $ 499,950) from Messi Capital Investment Limited (a company incorporated under British Virgin Island Business companies Act 2004, Singapore) as loan. The loan of US $ 499,950 is against the limit of US $ 1,000,000 on repatriable basis in terms of paragraph 17 (ii) of Chapter XIX of foreign Exchange Manual 2002 of State Bank of Pakistan (thereinafter referred to as the Exchange Control regulation) for the a period of 10 years. The loan shall be repayable on the of first occurrence of (i) December 2025 or (ii) on the second business day of following the demand for repayment thereof by the lender. The loan is repayable in 16 equal half yearly installments of $ 31,250 which commences from June 2018 including the first two years as grace period for principal payment. The loan is subject to markup at 6 month LIBOR plus 1% spread to payable six monthly. Although the loan is of long term nature, but due to conditions regarding repayment mentioned in (ii) above, the whole outstanding amount had been transferred to current maturity.

17.6 During the year ended June 30, 2017, the Company has received amounting Rs. 52,395,000 (US $ 500,000) from Messi Capital Investment Limited against above mentioned limit of US $ 1,000,000 (a company incorporated under British Virgin Island Business companies Act 2004, Singapore) as loan. The loan is on repatriable basis in terms of paragraph 17 (ii) of Chapter XIX of foreign Exchange Manual 2002 of State Bank of Pakistan (thereinafter referred to as the Exchange Control regulation) for the a period of 10 years. The loan shall be repayable on the of first occurrence of (i) December 2025 or (ii) on the second business day of following the demand for repayment thereof by the lender. The loan is repayable in 16 equal half yearly installments of $ 31,250 which commences from June 2019 including the first two years as grace period for principal payment. The loan is subject to markup at 6 month LIBOR plus 1% spread to payable six monthly. Although the loan is of long term nature, but due to conditions regarding repayment mentioned in (ii) above, the whole outstanding amount has been transferred to current maturity.

18 LONG TERM FINANCING FROM ASSOCIATES

Associated companies	Basis of relationship	Aggregate % of shareholding	2019 Rupees	2018 Rupees	2017 Rupees
Naheed Noor (Pvt) Limited	Common directorship	.192%	3,848,844	3,848,844	3,848,844
Naheed Noor Enterprises (Pvt) Ltd.	Common directorship	0.57%	43,051,270	43,051,270	43,051,270
Pure Drinks (Pvt) Limited	Common directorship	Nil	1,044,656	1,044,656	1,044,656
Aroma Drinks (Pvt) Limited	Common directorship	Nil	30,548,042	4,208,042	3,630,542
Sunrise Bottling Co. (Pvt) Limited	Common directorship	12.45%	-	498,864	-
			78,492,812	52,651,676	51,575,312

18.1 These loans are unsecured and do not bear any interest or other profit. The loan is repayable at the discretion of the company. Company has no intention to repay director loan within next twelve months from the balance sheet date. Therefore, no portion has been classified under current liabilities.

	Note	2019 Rupees	2018 Rupees	2017 Rupees
19 DEFERRED LIABILITIES				
Staff retirement benefits - gratuity	19.1	7,826,595	5,672,580	6,173,063
Deferred taxation	19.2	96,016,434	75,319,930	82,018,073
		103,843,029	80,992,510	88,191,136

19.1 Staff retirement benefits - gratuity

	Note	2019 Rupees	2018 Rupees	2017 Rupees
19.1.1 Movement in the net liability recognized in the balance sheet				
Opening net liability		5,672,580	6,173,063	6,206,400
Expense recognized in profit and loss account	19.1.5	2,442,348	1,367,726	1,615,683
Recognized in other comprehensive income		872,848	(469,291)	(1,636,020)
		8,987,776	7,071,498	6,186,063
Benefits paid during the year		(668,682)	(393,758)	(13,000)
Liability transferred to current liabilities		(492,499)	(1,005,160)	-
Closing net liability		7,826,595	5,672,580	6,173,063
19.1.2 Movement in present value of defined benefit obligation				
Present value of defined benefit obligation - opening		5,672,580	6,173,063	6,206,400
Current service cost		1,944,507	904,572	1,099,231
Interest cost		497,841	463,154	516,452
Re-measurements gain		872,848	(469,291)	(1,636,020)
Benefits paid during the year		(668,682)	(393,758)	(13,000)
Transferred to trade and other payables		(492,499)	(1,005,160)	-
Present value of defined benefit obligation - closing		7,826,595	5,672,580	6,173,063

19.1.3 Historical information

	2019	2018	2017	2016	2015
	-----	-----	Rupees	-----	-----
Present value of defined benefit obligation	7,826,595	5,672,580	6,173,063	6,206,400	14,085,200

19.1.4 Liability recognized in Balance Sheet

	2019 Rupees	2018 Rupees	2017 Rupees
Present value of obligation	7,826,595	5,672,580	6,173,063
	7,826,595	5,672,580	6,173,063

19.1.5 Expense recognized

In Profit and Loss Account

Current service cost	1,944,507	904,572	1,099,231
Interest cost	497,841	463,154	516,452
	2,442,348	1,367,726	1,615,683
In Other Comprehensive Income			
Re-measurements in the year	872,848	(469,291)	(1,636,020)
	872,848	(469,291)	(1,636,020)

19.1.6 Principle actuarial assumptions	**2019**	**2018**	**2017**
Discount factor used	12.50%	9.00%	7.75%
Expected rate of salary increase	12.50%	9.00%	7.75%

19.1.7 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made on the basis of actuarial valuation carried on using Projected Unit Credit Method.

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

	Impact on defined benefit obligation		
	Change in Percentage	**Increase in assumption Rupees**	**Decrease in assumption Rupees**
Discount Rate	1.00%	7,353,058	8,537,408
Salary growth rate	1.00%	8,793,084	7,342,154

The average duration of the defined benefit obligation is 9 years (2018: 7 years).

19.2 Deferred taxation	**Note**	**2019 Rupees**	**2018 Rupees**	**2017 Rupees**
The net liability for deferred taxation comprises of temporary differences.				
Taxable temporary difference				
Accelerated tax depreciation allowance		81,572,894	103,060,128	102,295,299
Surplus on revaluation of property, plant and equipment		91,993,269	75,319,930	82,018,073
		173,566,163	178,380,058	184,313,372
Deductible temporary differences				
Provision for doubtful debts		-	(388,611)	(371,512)
Staff retirement benefits - gratuity		(5,049,729)	(4,108,518)	(3,903,951)
Unused tax losses carried forward		(72,500,000)	(98,562,999)	(98,019,836)
		(77,549,729)	(103,060,128)	(102,295,299)
		96,016,434	75,319,930	82,018,073

20 TRADE AND OTHER PAYABLES	**2019 Rupees**	**2018 Rupees**	**2017 Rupees**
Creditors	116,264,204	135,609,345	132,587,090
Accrued	87,960,596	69,164,952	81,335,152
Liability against staff retirement benefits - gratuity	9,586,264	9,093,765	8,503,870
Advance from customers	15,416,430	35,187,767	33,217,450
Income tax payable	28,816,373	26,325,285	-
Sales tax payable	90,720	-	-
	258,134,587	275,381,114	255,643,562

21 ACCRUED MARK UP / INTEREST			
Long term financing from banking companies	8,709,823	10,047,439	5,045,899
Short term financing from banking companies	772,807	1,170,547	670,599
	9,482,630	11,217,986	5,716,498

22	LOAN FROM BANKING COMPANIES	Note	2019 Rupees	2018 Rupees	2017 Rupees
	Secured				
	Running finance	22.1	24,999,474	24,967,108	24,991,630
	Cash finance	22.1	-	967,041	23,528,000
	Bank overdrafts	22.2	1,366,344	-	312,523
	Payable to Habib Metropolitan Bank Limited		-	150,000,000	150,000,000
			26,365,818	175,934,149	198,832,153

22.1 Short term running finances are available from commercial banks under mark up arrangements amounting Rs. 50 million (2018: Rs. 50 million). These are secured against pledge / hypothecation of raw material, cotton and yarn, lien on export bills sent for collection against confirmed LCs, current assets, receivables and personal guarantees of chief executive and sponsoring directors. These carries mark up ranging from 8.43% to 14.47% per annum (2018: 7.64% to 11.00% per annum). The company has forwarded request to the financial institutions for the renewal of credit limits which are under process.

22.2 This represented cheques issued by the company in excess of balance at banks which remained unpresented as at June 30, 2019.

23 LOAN FROM RELATED PARTY

	Aggregate % of shareholding		2019 Rupees	2018 Rupees	2017 Rupees
Unsecured					
From Mr. Noor Elahi-Chief Executive	34.08%	23.1	11,869,000	12,869,000	-

23.1 This represents interest free and un-secured loan obtained from Chief Executive of the company to meet the working capital requirements of the company. It was being utilized for the said purpose.

24 PROVISION FOR TAXATION

Opening balance		2,700,065	-	10,763,419
Provision for the year	32	9,015,902	4,082,921	4,021,969
		11,715,967	4,082,921	14,785,387
Less: Adjusted against available tax/ tax deducted at source		(11,715,967)	(1,382,856)	(14,785,387)
		-	2,700,065	-

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 Letter of guarantee issued by bank on behalf of the Company amounting Rs. 22.683 million (2018: Rs. 22.683 million).

25.1.2 Mr. Khurram Shahzad Mughal, ex-employee of the company has filed a suit dated March 5, 2018 against the company before the compensation Commissioner/ wages Authority Lahore for compensation amounting Rs. 510,000 for lost of eye sight. Legal counsel of the company is hopeful that there is no scope of any fiscal loss to the company in this case.

26.1.2 Muhammad afzal , ex-employee of the company has filed a suit dated March 5, 2018 against the company before the compensation Commissioner/ wages Authority Lahore for compensation amounting Rs. 103,576 for pending wages. Legal counsel of the company is hopeful that there is no scope of any fiscal loss to the company in this case.

25.2 Commitments

25.2.1 There are no commitments as at year end. (2018: nil).

26 SALES - NET	Note	2019 Rupees	2018 Rupees	2017 Rupees
Local:				
Yarn sales		708,108,867	320,585,663	392,102,967
Waste sales		11,372,265	4,708,945	8,253,093
		719,481,132	325,294,608	400,356,060
Gross sales		719,481,132	325,294,608	400,356,060
Sales tax		-	285,137	-
		719,481,132	325,009,471	400,356,060

27 COST OF SALES	Note	2019 Rupees	2018 Rupees	2017 Rupees
Raw material consumed	27.1	566,608,376	238,344,307	311,590,994
Stores, spare parts and loose tools consumed		11,691,750	8,980,644	12,991,278
Packing materials consumed		14,693,380	4,052,440	5,415,530
Salaries, wages and other benefits	27.2	97,603,905	62,161,750	64,757,481
Fuel and power		82,362,618	56,179,816	70,342,623
Vehicle running and maintenance		299,900	433,519	512,789
Repair and maintenance		4,513,551	3,514,211	1,678,004
Telephone, postage and telegrams		98,428	89,766	92,264
Traveling and conveyance		387,014	408,690	393,630
Printing and stationery		74,190	27,040	50,730
Entertainment		328,445	338,897	259,570
Insurance		974,763	703,482	2,575,230
Depreciation	4.1	36,017,309	37,883,776	39,678,397
Miscellaneous		775,562	2,079,185	1,129,138
		816,429,191	415,197,523	511,467,658
Work in process				
Balance as on July 01,		3,310,418	3,634,035	2,703,264
Balance as on June 30,		(3,329,523)	(3,310,418)	(3,634,035)
		(19,105)	323,617	(930,771)
Cost of goods manufactured		816,410,086	415,521,140	510,536,887
Finished goods				
Balance as on July 01,		5,582,845	5,009,375	6,033,884
Balance as on June 30,		(879,525)	(5,582,845)	(5,009,375)
		4,703,320	(573,470)	1,024,509
		821,113,406	414,947,670	511,561,396

27.1 RAW MATERIAL CONSUMED	2019 Rupees	2018 Rupees	2017 Rupees
Balance as on July 01,	324,449,453	376,094,648	354,518,133
Purchases	412,138,129	184,909,693	330,010,969
Purchase expenses	4,382,128	1,789,419	3,156,540
Fire loss	(172,187,574)	-	-
	244,332,683	186,699,112	333,167,509
Balance as on June 30,	(2,173,760)	(324,449,453)	(376,094,648)
	566,608,376	238,344,307	311,590,994

27.2 This includes a sum of Rs.610,587 (2018: Rs. 448,707/-) in respect of defined contribution plan.

			2019	2018	2017
28	**DISTRIBUTION COST**		**Rupees**	**Rupees**	**Rupees**
	Commission on local sales		-	139,605	43,817
	Freight and carriage on local sales		-	9,500	2,500
			-	149,105	46,317
29	**ADMINISTRATIVE EXPENSES**				
	Directors' remuneration		2,400,000	2,400,000	800,000
	Salaries, allowances and other benefits	29.1	10,725,400	9,763,710	9,228,369
	Fees and subscription		894,207	984,183	624,359
	Traveling and conveyance		380,029	222,512	142,014
	Vehicle running		515,949	232,336	252,951
	Telephone, postage and telegram		526,763	602,681	579,589
	Printing and stationery		305,022	265,540	251,883
	Repair and maintenance		196,218	260,418	83,074
	Electricity, gas and water		-	-	163,668
	Insurance		59,257	-	458,814
	Rent, rates and taxes		117,408	174,405	235,717
	Entertainment		109,598	50,519	151,250
	Legal and professional charges		256,568	1,288,860	1,366,391
	Auditors' remuneration	29.2	796,000	796,000	796,000
	Depreciation		484,283	566,847	665,775
	Advertisement		25,080	97,430	97,930
	Others		768,035	659,980	1,037,352
			18,559,817	18,365,421	16,935,136

29.1 This includes a sum of Rs.1,831,761/- (2018: Rs. 919,019/-) in respect of defined contribution plan.

29.2 **AUDITORS' REMUNERATION**

	2019	2018	2017
Statutory audit fee	625,000	625,000	625,000
Half yearly review and other certifications	121,000	121,000	121,000
Review of code of corporate governance	50,000	50,000	50,000
	796,000	796,000	796,000

			2019	2018	2017
30	**OTHER OPERATING INCOME**				
	Income from financial assets				
	Weigh bridge income		1,608,000	1,608,000	1,013,000
	Scrap sales		183,025	16,170	127,799
	Stock lost-***fire loss***		(170,387,574)	-	-
	Balances written back- net	30.1	271,921,272	155,288,893	-
	Gain on disposal of fixed assets		-	-	598,661
			103,324,723	156,913,063	1,739,460

30.1 This includes written back of loan amounting to Rs. 100 million obtained from Mrs. Perveen Elahi (director of the company) , loan from Queenberg Venture Limited amounting to Rs.163,350,000 and Rs 8,571,272 mark up on loan from Queenberg Venture Limited.

		2019	2018	2017
31	**FINANCE COST**			
	Interest / mark up on:			
	Long term financing	4,504,797	4,406,342	4,087,571
	Short term borrowings	2,654,598	2,645,400	2,589,052
	Bank charges and commission	345,738	432,747	348,136
	Guarantee commission fee	356,031	372,271	437,231
	Exchange loss on foreign currency loan	75,586,263	36,003,146	810,582
		83,447,427	43,859,906	8,272,572

32 TAXATION

	2019 Rupees	2018 Rupees	2017 Rupees
Current			
- For the year	9,015,902	4,082,921	4,021,969
- Prior year	-	466,204	-
Deferred	464,335	(4,231,477)	(435,169)
	9,480,237	317,648	3,586,800

This represents minimum tax u/s 113 of Income Tax Ordinance 2001. This also includes tax credit available on installation of plant and machinery u/s 65(B) of the said ordinance.

Provision for current taxation has been made as minimum tax u/s 113 of Income Tax Ordinance 2001.

Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not meaningful in view of application of minimum tax regime u/s 113 of Income tax Ordinance 2001.

33 LOSS PER SHARE-BASIC AND DILUTED

Loss for the year	(109,795,033)	(5,717,216)	(138,306,701)
Weighted average number of ordinary shares outstanding during the year	52,214,400	52,214,400	52,214,400
Loss per share-basic and diluted	(2.10)	(0.11)	(2.65)

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

34 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties have been disclosed in the relevant notes to the financial statements except the following:

Transactions with related parties			
Loan received from Mr. Noor Elahi, Chief Executive of the company	147,990,000	14,600,000	72000
Loan received from Mrs. Parveen Elahi, Director of the company	13,125,000	10,000	33,191,048
Loan received from Mrs. Naheed Javed, Director of the company	6,950,000	-	-
Loan received from Mr. Nabeel Javed, Director of the company	2,065,000	-	-
Loan repaid to Mr. Mr. Nabeel Javed, Director of the company	100,000	-	-
Loan repaid to Mr. Noor Elahi, Chief Executive of the company	1,000,000	1,731,000	25,833
Loan repaid to Mrs. Parveen Elahi, Director of the company	100,000	90,000	-
Loan written back- Mrs. Parveen Elahi, Director of the company	100,000,000	-	-
Adjusment of loan of Mrs.Naheed Javed against litigation	7,000,000	-	-
Loan written back- Mr. Noor Elahi, Chief Executive of the company	-	150,000,000	-
Loan received from Aroma Drinks (Pvt) Limited, Associated	26,340,000	577,500	309,884
Loan received from Pure Drinks (Pvt) Limited, Associated company	-	-	600,000
Loan received from Sunrise Bottling Co. (Pvt) Limited, Associated	150,000	800,000	110,500
Loan repaid to Sunrise Bottling Co. (Pvt) Limited, Associated company	648,864	301,136	- -
Loan received from Yasir Food Industires (Pvt) Limited, Associated	-	933,926	-

35 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities	2019 Rupees	2018 Rupees	2017 Rupees
Financial assets			
Loans and receivables			
Long term deposits	4,397,945	5,735,445	7,952,894
Trade debts	108,318,355	14,659,943	13,037,658
Receivables from associated companies		-	1,072,062
Tax refund due from Government	2,631,783	1,788,171	1,007,647
Cash and bank balances	680,281	1,339,905	1,754,436
	116,028,364	23,523,464	24,824,697

Financial liabilities	2019 Rupees	2018 Rupees	2017 Rupees
Financial liabilities at amortized cost			
Long term financing from banking companies	-	-	2,500,000
Long term financing from others	-	79,420,000	83,015,625
Long term financing from associates	78,492,812	52,651,676	51,575,312
Trade and other payables	258,134,587	240,193,347	222,426,112
Accrued interest and markup	9,482,630	11,217,986	5,716,498
Unclaimed dividend	402,570	402,570	402,570
Loan from banking companies	26,365,818	175,934,149	198,832,153
Loan from related party	11,869,000	12,869,000	-
Current portion of non current liabilities			
Long term financing from banking companies	807,999	4,166,665	4,166,665
Long term financing from others	26,365,818	175,933,921	137,479,125
Provision for taxation	-	2,700,065	-
	411,921,234	755,489,379	706,114,060

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest rate risk). Financial risk management is carried out under risk policies established and approved by the Board of Directors. The management administers all aspects of risk management involving currency and interest rate risk, and cash management, in accordance with the risk policy.

The company's exposure to financial risks, the way these risks affect revenues, expenses, assets, liabilities and forecast transactions of the company and the manner in which each of these risks are managed is as follows:

36.1 Credit risk

36.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade debts, advances and deposits, interest accrued, other receivables and margin on letter of guarantee. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2019 Rupees	2018 Rupees	2017 Rupees
Long term deposits	4,397,945	5,735,455	7,952,894
Trade debts	108,318,355	14,659,943	13,037,658
Receivables from associated companies	-	-	1,072,062
Bank balances	352,130	649,764	1,342,643
	113,068,430	21,045,162	23,405,257

36.1.2 Geographically there is no concentration of credit risk.

36.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

	2019 Rupees	2018 Rupees	2017 Rupees
Yarn	103,644,785	13,163,591	12,779,277
Waste	4,673,570	1,496,352	258,381
	108,318,355	14,659,943	13,037,658

36.1.4 The aging of trade debtors at the balance sheet is as follows:

	Gross debtors		
	2019 Rupees	2018 Rupees	2017 Rupees
Upto 1 month	101,109,259	2,709,160	10,605,006
1 to 6 months	4,415,190	9,341,873	452,659
More than 6 months	2,793,906	2,608,910	1,979,993
	108,318,355	14,659,943	13,037,658

Based on the past experience, sales volume, consideration of financial position, past track records and recoveries and economic conditions, the company believes that there is no need for provision of balance outstanding more than six months.

36.1.5 Cash at banks

Bank Name	Rating		Rating Agency	2019	2018	2017
	Short Term	Long Term		Rupees	Rupees	Rupees
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	15,585	204,082	214,357
Bank Alfalah Limited	A1+	AA+	PACRA	23,895	75,065	-
Meezan Bank Limited	A-1+	AA	JCR-VIS	52,628	24,989	76,211
Habib Bank Limited	A-1+	AAA	JCR-VIS	119,930	82,949	11,978
MCB Bank Limited	A1+	AAA	PACRA	14,576	14,576	-
National Bank of Pakistan	A1+	AAA	PACRA	995	81,438	30,197
United Bank	A-1+	AAA	JCR-VIS	4,652	11,836	10,783
The Bank Of Punjab	A1+	AA	PACRA	6,569	8,354	9,024
Samba Bank	A-1	AA	JCR-VIS	-	-	4,198
Soneri Bank	A1+	AA-	PACRA	33,312	33,312	33,312
Faysal Bank Limited	A1+	AA	PACRA	28,882	20,661	10,372
Silk Bank Limited	A-2	A-	JCR-VIS	34,197	74,952	78,464
Nib Bank Limited	A1+	AA-	PACRA	-	-	14,576
Bank Al-Habib	A1+	AA+	PACRA		-	-
Al Baraka Bank	A-1	A+	JCR-VIS	16,909	17,550	849,172
				352,130	649,764	1,342,643

Credit Risk Management

In respect of trade receivables, the company does not have significant concentration of credit risk with a single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables balances and individually significant balances, along with collection activities are reported to the Board of Directors on a monthly basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis of confirmed letters of credit. These actions are also reported to the Board on a monthly basis.

36.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, 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 damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements;

	2019				
	Carrying amount	Contractual cash flows	Maturity within one year	Two to five years	More than five years
	Rupees				
Non - derivative Financial liabilities					
Long term financings from banking companies	807,999	807,999	807,999	-	-
Long term financings from associates	78,492,812	78,492,812	-	-	78,492,812
Long term financings from others	164,491,776	164,491,776	164,491,776	-	-
Trade and other payables	258,134,587	258,134,587	258,134,587	-	-
Loan from banking companies	26,365,818	26,365,818	26,365,818	-	-
Accrued mark up / interest	9,482,630	9,482,630	9,482,630	-	-
Unclaimed dividend	402,570	402,570	402,570	-	-
Loan from related party	11,869,000	11,869,000	11,869,000	-	-
	550,047,192	550,047,192	471,554,380	-	78,492,812

	2018				
	Carrying amount	Contractual cash flows	Maturity within one year	Two to five years	More than five years
	Rupees				
Non - derivative Financial liabilities					
Long term financings from banking companies	4,166,665	4,166,665	4,166,665	-	-
Long term financings from associates	52,651,676	52,651,676	-	-	52,651,676
Long term financings from others	255,353,921	255,353,921	69,540,000	131,480,000	54,333,921
Trade and other payables	275,381,114	275,381,114	275,381,114	-	-
Accrued mark up / interest	11,217,986	11,217,986	11,217,986	-	-
Unclaimed dividend	402,570	402,570	402,570	-	-
Loan from banking companies	175,934,149	175,934,149	175,934,149	-	-
Total	775,108,081	775,108,081	536,642,484	131,480,000	106,985,597

36.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

36.2.2 Liquidity Risk Management

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 company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the company ensures that it has sufficient cash on demand to meet expected operational cash flows, including serving of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. Further, the company has the support of its sponsors in respect of any liquidity shortfalls.

36.3 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the company's net profit or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

36.3.1 Currency risk

Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro.

	US Dollar	Rupees	Others
Financial liabilities			
Foreign currency loan 2019	999,950	164,491,775	-
Foreign currency loan 2018	2,099,950	255,353,921	-

The following significant exchange rates applied during the year.

	Reporting date rates	
Financial assets	**2019**	**2018**
US Dollar to Rupee	164.5	121.4

	Reporting date rates	
Financial liabilities	**2019**	**2018**
US Dollar to Rupee	164.5	121.6

Sensitivity analysis

10% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity

US Dollar	16,449,178	25,535,392

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the company.

36.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows:

	2019 Rupees	2018 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	164,491,775	255,353,921
Variable rate instruments		
Financial assets	-	-
Financial liabilities	27,173,817	180,100,814

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

The effective interest / mark-up rates in respect of financial instruments are mentioned in respective notes to the financial statements.

36.3.3 Price Risk

The company is not exposed to any price risk as it does not hold any significant investments exposed to price risk.

36.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction 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.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically repriced.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

– quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

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

– inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Currently there are no financial assets or financial liabilities which are measured at their fair value.

36.5 Certain categories of property, plant and equipment (freehold land, buildings on freehold land and plant and machinery) are carried at revalued amounts (level 2 measurement) determined by a professional valuer based on their assessment of the market values as disclosed in note 5 to these financial statements.

	2019	2018	2017
36.6 Off balance sheet items	…….	**Rs. (millions)**	………
Bank guarantees	22.683	22.683	22.683

36.7 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

37 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term and short term financing from financial institutions and others. Total capital employed includes total equity as shown in the statement of financial position plus borrowings.

		2019 Rupees	2018 Rupees
Borrowings		282,027,405	500,975,411
Total equity		504,517,954	497,174,594
Total capital employed		786,545,359	998,150,005
Gearing ratio	Percentage	35.86%	50.19%

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The directors have waived their remuneration and meeting fees for the previous year. The chief executive is entitled to free use of company maintained car. Following is the detail of managerial remuneration paid to directors and executive with their numbers:

	2019	2018	2019	2018
	-----Directors-----		-----Executives-----	
Remuneration and other benefits	2,400,000	2,400,000	5,871,091	4,524,353
Number of persons	1	1	3	3

38.1 The Chief Executive and Directors are also provided with free use of company maintained cars.

38.2 No remuneration is paid to any other director.

39 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation.

40 NUMBER OF EMPLOYEES	2019	2018
Employees as at year end- numbers		
Factory employees	210	205
Other employees	13	12
	223	217
Average employee during the year- numbers		
Factory employees	192	188
Other employees	13	12
	205	200

41 CAPACITY AND PRODUCTION

	2019	2018
Spindles installed (numbers)	33,072	33,072
Spindles worked (numbers)	10,560	12,480
Installed capacity converted in to 20/s (Kgs.)	10,266,624	10,266,624
Actual production of yarn converted in to 20/s (Kgs.)	3,796,277	2,434,316
Number of shifts worked per day	3	2

41.1 It is difficult to determine precisely described production capacity and the resultant production converted into single count in the textile industry, since it fluctuates widely depending on various factors such as type of yarn produced and raw material used etc. It would also vary according to the trend of production adopted in a particular period. There was shortage of gas supply during winter season which resulted in reduced production during the year 2019. Both of the units were not consecutively operational for the whole year as explained in note 1.1.

42 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 04 November, 2019 by the board of directors of the company.

43 GENERAL

Figures have been rounded off to the nearest of Rupee.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

KEY OPERATION AND FINANCIAL DATA FOR THE LAST SIX YEARS
Rs. (000's)

PARTICULARS	2019	2018	2017	2016	2015	2014
BALANCE SHEET SUMMARY						
Paid up Capital	522,144	522,144	522,144	522,144	522,144	522,144
Reserves & Accumulated Losses	(760,270)	(651,778)	(655,969)	(535,259)	(284,476)	(111,782)
Share Application money				-	-	-
Surplus on Revaluation of Fixed Assets	355,692	316,787	323,759	415,693	463,318	465,914
Long Term Liabilities	465,444	442,093	597,192	580,610	567,000	421,587
Deferred Liabilities	103,843	80,993	88,191	6,206	14,085	53,669
Current Liabilities	471,554	658,605	602,241	515,347	371,510	384,952
	1,158,408	**1,368,844**	**1,477,558**	**1,504,742**	**1,653,581**	**1,736,484**
REPRESENTED BY						
Fixed Assets	900,270	868,458	902,018	942,463	1,037,951	1,086,328
Long Term Deposit	4,398	5,735	7,953	6,990	5,710	5,464
Current Assets	253,741	494,651	567,587	561,768	609,920	644,692
	1,158,408	**1,368,844**	**1,477,558**	**1,511,221**	**1,653,581**	**1,736,484**
PROFIT AND LOSS - SUMMARY						
Sales	719,481	325,010	400,356	292,888	508,026	927,881
Cost of Sales	(821,113)	(414,948)	(511,561)	(418,265)	(673,626)	(1,073,673)
Gross Profit	**(101,632)**	**(89,938)**	**(111,205)**	**(125,377)**	**(165,600)**	**(145,792)**
Other Operating Expenses	(18,560)	(28,514)	(16,981)	(21,758)	(30,327)	(45,450)
Financial Charges	(83,447)	(43,860)	(8,273)	(10,787)	(15,799)	(24,187)
Other Income	103,325	156,913	1,739	851	872	1,503
Profit / (Loss) Before Taxation	**(100,315)**	**(5,399)**	**(134,720)**	**(157,071)**	**(210,853)**	**(213,926)**
Provision for Taxation	(9,480)	(318)	(3,587)	(18,616)	21,025	71,265
Profit / (Loss) After Taxation	**(109,795)**	**(5,717)**	**(138,307)**	**(175,687)**	**(189,828)**	**(142,661)**
Earning Per Share	**(2.10)**	**(0.11)**	**(2.65)**	**(3.37)**	**(3.64)**	**(2.73)**
Dividend	**-**	**-**	**-**	**-**	**-**	**-**

FORM OF PROXY

The Company Secretary,
RUBY TEXTILE MILLS LIMITED,
203-Faiyaz Centre, 2nd Floor,
3-A, S.M.C. Housing Society
Shahrah-e-Faisal,
Karachi-74400.

PLEASE QUOTE:

Folio No.	No. of Shares held

I/We of ____________________

being a member of Ruby Textile Mills Limited hereby appoint ____________________

of ____________________

____

____

who is also member if Company vide Registered Folio No..............as my / our proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at 203-Faiyaz Centre, 2 nd Floor, 3-A, S.M.C. Housing Society, Shahrah-e-Faisal, Karachi-74400 on Wednesday November 27th, 2019 at 03:00 p.m.

In witness whereof I have set my hand this ____________ day of __________ 2019.

Date: ____________

Place: ____________

____
Member's Signature:

Notes:

1. This proxy form must be deposited duly completed in the Company's Registered Office at least 48 hours before the meeting.
2. A proxy must be member of the Company.
3. Member's Signature should agree with the specimen registered with the Company.

پراکسی فارم (مختارنامہ)

کمپنی سیکرٹری
روبی ٹیکسٹائل ملز لمیٹڈ
203-فیاض سنٹر، دوسری منزل،
S.M.C.، 3-A ہاؤسنگ سوسائٹی شاہراہِ فیصل کراچی-74400

براہِ مہربانی تحریر کریں: ____________
فولیو نمبر: ____________
ملکیتی حصص کی تعداد: ____________

میں / ہم ____________
ساکن ____________
بحیثیت رکن روبی ٹیکسٹائل ملز لمیٹڈ ____________
بذریعہ ہذا محترم / محترمہ ____________
ساکن ____________

جو بروئے رجسٹرڈ فولیو نمبر کمپنی کا ممبر بھی ہے کو اپنے / ہمارے ایماء پر 203-فیاض سنٹر، دوسری منزل، S.M.C.، 3-A ہاؤسنگ سوسائٹی شاہراہِ فیصل کراچی-74400 بروز بدھ 27 نومبر 2019 کو سہ پہر 3:00 بجے منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز ____________ بتاریخ ____________ 2019ء کو میرے / ہمارے دستخط اور گواہوں کی تصدیق سے جاری ہوا۔

-/5 روپے کا رسیدی ٹکٹ

تاریخ: ____________

مقام: ____________

____
دستخط رکن

نوٹ:

1۔ یہ پراکسی فارم باقاعدہ مکمل شدہ کمپنی کے رجسٹرڈ دفتر میں اجلاس سے کم از کم 48 (اڑتالیس) گھنٹے قبل لازماً جمع کرایا جانا چاہیئے۔

2۔ پراکسی لازماً کمپنی کا رکن ہونا چاہیئے۔

3۔ رکن کے دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخط سے لازماً مطابقت رکھتے ہوں۔