Al Nasr Textiles Limited

Financial Statements for the year ended

30th June 2019

AL NASR TEXTILES LIMITED

Directors Report for the Year Ended 30th June, 2019

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The Directors of **Al Nasr Textiles Limited** are pleased to present the Annual report along with Audited Financial Statements for the year ended 30th June, 2019.

FINANCIAL HIGHLIGHTS

Comparison of Audited result for the year ended June 30th, 2019 as against June 30th, 2018 is as follows:

	30.06.2019 (Rs.)	**30.06.2018** (Rs.)
Sales (Net)	4,491,675,600	3,901,321,067
Gross Profit	464,020,753	365,654,939
Profit before taxation	221,956,112	183,994,306
Taxation	(76,337,143)	(19,489,117)
Profit after taxation	145,618,969	164,505,189
Total Comprehensive Income for the year	146,120,430	165,303,278
Un-appropriated Profit/ (Loss) brought forward	1,206,593,042	1,041,289,764
Un-appropriated Profit carried forward	**1,352,713,472**	**1,206,593,042**
Earnings per Share	**4.26**	**4.81**

COMPANY PERFORMANCE

During the year, the gross profit margin increased by 26.90% as compared to F/Y 2018. This increase reflects the tireless efforts by the management during a slump in the textile industry. Cotton and yarn prices have been very volatile in the past few months. However, yarn prices still remained subdued. Your company earned a profit after tax of Rs. 145,618,969 as compared to last year's profit after tax of Rs. 164,505,189 (F/Y 2018) which is a substantial 11.48% year on year Decrease.

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Factory: 5 Km Raiwaind - Manga Road, District Kasur. **Phone:** +92 42-35395032-3 **Fax:** +92 42-35395034

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BALANCING MODERNIZATION & REPLACEMENT (BMR)

Addition to Plant & Machinery was made during the year ended 30th June, 2019. These additions will ensure the production of high quality yarn in the future. The details of the machines acquired are as follows:

- Carding Machine Model (JWF1213)
- Drawing Frame Model (JWF1313)
- Unifloc A12.
- Unimix B-72.
- Unimix B76.
- Ring Monitoring System including Energy Monitoring.
- Complete F0630HS Refrigerant Dryer.

FUTURE PROSPECTS

Currently Cotton prices are extremely volatile, which is adding to the problems in the industry. Due to continuous increase in minimum wage announced by the Government the production cost of the company will increase in the next year. Availability of cheap electricity will be important to balance the increase in cost of production. Currently the yarn rates have depressed, which would adversely impact the financial results of the year 2019 / 2020.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on 30 June 2019, as required under Section 227 (2) (f) of the Companies Act 2017, is annexed.

AUDITORS

M/S KPMG Taseer Hadi & Co., Chartered Accountants, retires and being eligible, offers themselves for reappointment as Company's auditors for the year ending 30 June 2020.

AL NASR

ACKNOWLEDGEMENT

The directors acknowledge the efforts made by Company's employees at all levels during the year under review and expect continued endeavors for the achievement of improved results in the current year as well.

For and on behalf of the Board of Directors

Lahore
7th October 2019

(JAVED NASRULLAH)
Director

(TARIQ MEHMOOD)
Chief Executive

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Chartered Accountants
351 Shadman-1, Jail Road,
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INDEPENDENT AUDITOR'S REPORT

To the members of Al Nasr Textiles Limited

Report on the audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Al Nasr Textiles Limited ("the Company"), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and 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 and 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 30 June 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the other information. Other information comprises the information included in the director's report for the year ended 30 June 2019, but does not include the financial statements and our auditor's report thereon.

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

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

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KPMG Taseer Hadi & Co.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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KPMG Taseer Hadi & Co.

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.

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

KPMG Taseer Hadi Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 18 November 2019

Al Nasr Textiles Limited

Statement of Financial Position

As at 30 June 2019

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
40,000,000 (2018: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid-up capital	5	342,000,000	342,000,000
Accumulated profit		1,352,713,472	1,206,593,042
		1,694,713,472	1,548,593,042
Non-current liabilities			
Long term financing - *secured*	6	387,249,495	455,625,325
Deferred liabilities	7	264,465,332	232,190,516
		651,714,827	687,815,841
Current liabilities			
Current portion of long term financing-*secured*	8	110,481,480	109,782,164
Short term borrowings - *secured*	9	896,784,457	516,285,400
Trade and other payables	10	245,461,183	247,656,692
Contract liability	11	3,524,579	-
Mark-up accrued on borrowings	12	24,116,439	16,819,204
		1,280,368,138	890,543,460
		3,626,796,437	3,126,952,343
Contingencies and commitments	13		

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,668,127,741	1,694,412,632
Intangibles	15	-	98,659
Long term investment	16	80,137,833	-
Long term deposits	17	6,488,194	6,488,194
		1,754,753,768	1,700,999,485
Current assets			
Stores, spare parts and loose tools	18	47,924,213	45,857,626
Stock-in-trade	19	1,110,059,800	784,094,842
Trade debts - *unsecured*	20	230,282,296	109,855,587
Advances, deposits and prepayments	21	287,190,173	329,714,196
Other receivables		875,833	1,477,186
Advance tax - *net*		90,264,873	107,769,086
Cash and bank balances	22	105,445,481	47,184,335
		1,872,042,669	1,425,952,858
		3,626,796,437	3,126,952,343

The annexed notes from 1 to 36 form an integral part of these financial statements.

Lahore

Chief Executive

Director

Al Nasr Textiles Limited
Statement of Profit or Loss
For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
Sales-net	23	**4,491,675,600**	3,901,321,067
Cost of sales	24	**(4,027,654,847)**	(3,535,666,128)
Gross profit		**464,020,753**	365,654,939
Administrative expenses	25	**(36,075,817)**	(34,683,195)
Distribution cost	26	**(31,665,121)**	(26,642,847)
Other expenses	27	**(30,789,126)**	(16,577,787)
Other income	28	**1,613,544**	1,308,960
		(96,916,520)	(76,594,869)
Operating profit		**367,104,233**	289,060,070
Finance cost	29	**(145,148,121)**	(105,065,764)
Profit before taxation		**221,956,112**	183,994,306
Taxation	30	**(76,337,143)**	(19,489,117)
Profit after taxation		**145,618,969**	164,505,189

The annexed notes from 1 to 36 form an integral part of these financial statements.

Lahore **Chief Executive** **Director**

Al Nasr Textiles Limited
Statement of Comprehensive Income
For the year ended 30 June 2019

	2019 Rupees	2018 Rupees
Profit after taxation	**145,618,969**	164,505,189
Other comprehensive income		
Items that will never be reclassified to profit and loss account:		
- Experience adjustment on defined benefit obligation	**706,283**	1,124,069
- Related deferred tax	**(204,822)**	(325,980)
	501,461	798,089
Total comprehensive income for the year	**146,120,430**	165,303,278

The annexed notes from 1 to 36 form an integral part of these financial statements.

Lahore

Chief Executive

Director

Al Nasr Textiles Limited

Statement of Cash Flow

For the year ended 30 June 2019

Cash flows from operating activities	Note	2019 Rupees	2018 Rupees
Profit before taxation		221,956,112	183,994,306
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	14.2	134,962,317	125,129,047
Amortization on intangibles	15.2	98,659	394,624
Finance cost	29	145,148,121	105,065,764
Advances written off		684,777	-
Sales tax written off		2,321,013	-
(Gain) / loss on disposal of property, plant and equipment		(795,649)	5,270,719
Amortization of long term investment		(60,771)	-
Loss on disposal of property, plant and equipment	27	10,822,938	-
Allowance for expected credit loss	20.1	1,529,761	852,575
Provision for Worker's Profit Participation Fund	27	11,945,826	9,765,069
Provision for Worker's Welfare Fund	27	5,014,572	1,541,999
Provision for staff retirement benefits	7.1.3	11,403,033	10,412,479
		323,074,597	258,432,276
Operating profit before working capital changes		545,030,709	442,426,582
Changes in working capital			
(Increase)/decrease in current assets:			
Trade debts		(121,956,470)	(28,673,800)
Stores, spare parts and loose tools		(2,066,587)	(1,357,074)
Stock-in-trade		(325,964,958)	(73,545,078)
Advances deposits and prepayments		(51,381,767)	(144,093,227)
Other receivables		601,353	2,914,896
Increase / (decrease) in current liabilities:			
Trade and other payables		21,750,818	96,132,186
Contract liability		(25,960,279)	-
		(504,977,890)	(148,622,097)
Cash generated from operations		40,052,819	293,804,485
Finance cost paid		(137,033,563)	(98,041,686)
Staff retirement benefits paid		(6,739,748)	(7,258,494)
Payment made to Worker's Profit Participation Fund		(10,582,392)	(11,736,785)
Payment made to Worker's Welfare Fund		(1,656,798)	(4,468,359)
Long term deposits		-	587,406
Income Taxes paid		(30,719,938)	(50,401,802)
		(186,732,439)	(171,319,720)
Net cash (used in) / generated from operating activities		(146,679,620)	122,484,765
Cash flows from investing activities			
Acquisition of property, plant and equipment		(109,802,610)	(563,563,333)
Proceeds from disposal of property, plant and equipment		1,920,833	7,542,016
Net cash used in investing activities		(107,881,777)	(556,021,317)
Cash flows from financing activities			
Repayments of long term financing - net of receipts		(67,676,514)	322,799,565
Receipts from short term borrowings - net of payme nts		393,899,308	157,527,043
Net cash generated from financing activities		326,222,794	480,326,608
Net increase in cash and cash equivalents		71,661,397	46,790,056
Cash and cash equivalents at beginning of the year		30,576,617	(16,213,439)
Cash and cash equivalents at end of the year		102,238,014	30,576,617
Cash and cash equivalents comprise of the following:			
Cash and bank balances	22	105,445,481	47,184,335
Short term running finance	9	(3,207,467)	(16,607,718)
		102,238,014	30,576,617

The annexed notes from 1 to 36 form an integral part of these financial statements.

Lahore

Chief Executive

Director

Al Nasr Textiles Limited
Statement of Changes in Equity
For the year ended 30 June 2019

	Capital Reserve	Revenue Reserve	
	Share capital	Accumulated profit	Total
	------------------------	Rupees	------------------------
Balance as at 30 June 2017	342,000,000	1,041,289,764	1,383,289,764
Total comprehensive income for the year			
Profit for the year ended 30 June 2018	-	164,505,189	164,505,189
Other comprehensive income for the year ended 30 June 2018	-	798,089	798,089
	-	165,303,278	165,303,278
Balance as at 30 June 2018	**342,000,000**	**1,206,593,042**	**1,548,593,042**
Total comprehensive income for the year			
Profit for the year ended 30 June 2019	-	145,618,969	145,618,969
Other comprehensive income for the year ended 30 June 2019	-	501,461	501,461
	-	146,120,430	146,120,430
Balance as at 30 June 2019	**342,000,000**	**1,352,713,472**	**1,694,713,472**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Lahore **Chief Executive** **Director**

1 Reporting entity

1.1 Al Nasr Textiles Limited ("the Company") was incorporated in Pakistan in July 2001 as an unquoted public limited company. The Company is a subsidiary of Pak Kuwait Textiles Limited ("the Parent Company"), which holds 96.84% of total paid-up share capital of the Company. The principal activity of the Company is manufacturing and sale of 100% cotton yarn. The registered address of the Company is situated at 29-Shadman II, Lahore, Pakistan. Production facility is situated at 5-Km Raiwind Manga Road, District Kasur, Pakistan.

2 Basis of preparation

2.1 Statement of compliance

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

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

These financial statements have been prepared on the historical cost convention except for recognition of employee retirement benefits at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee ("Rs.") which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.4.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in estimate may affect the depreciation charge or impairment. The rates of depreciation are specified in note 14.1.

2.4.2 Intangibles

The Company reviews the rate of amortization and value of intangible assets for possible impairment, on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortization charge and impairment.

2.4.3 Stores, spare parts, loose tools

The Company reviews the stores, spare parts, loose tools for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spare parts and loose tools with a corresponding affect on the provision and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.4.4 Expected credit loss

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate. The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures.

2.4.5 Stock-in-trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.4.6 Provisions

Estimates of the amount of provisions recognized are based on current legal and constructive requirements. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

2.4.7 Recoverable amount of assets / cash generating units and impairment

The management of the Company reviews carrying amounts of its assets including advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.4.8 Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of income between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in year of change.

2.4.9 Employee benefits

The present value of the obligation for gratuity depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the charge for the year include the discount rate, expected increase in eligible salary and mortality rate. Any changes in these assumptions will impact the carrying amount of obligations for gratuity.

2.4.10 Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date.

3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

3.1 Securities and Exchange Commission of Pakistan (SECP) vide S.R.O 985 (1)/2019 dated 02 September 2019 has deferred the applicability of "Expected Credit Loss method" (ECL) till 30 June 2021 in respect of companies holding financial assets due from Government of Pakistan (GOP), provided that such companies follow the requirements of "IAS 39 - Financial Instruments: Recognition and Measurement" in respect of the said financial assets during the exemption period. Accordingly, requirements of ECL model of IFRS 9 is not applied on financial assets due from GOP as at 30 June 2019.

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

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The adoption of this standard is not likely to have an impact on Company's financial statements.

- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortized cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

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

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

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

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

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

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

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement- the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. The amendment, is not likely to have an impact on the Company's financial statements.

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

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

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

4 Significant accounting policies

The significant accounting policies set out below, have been applied consistently to all periods presented in these financial statements, except as disclosed in note 4.1.

4.1 Changes in accounting policies

During the year, the Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

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

4.1.1 IFRS 15 'Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time requires judgment. The Company manufactures and contracts with customers for the sale of yarn products which generally include single performance obligation. Management has concluded that revenue from sale of goods be "recognized at the point in time when control of the asset is transferred to the customer which, on the basis of current agreement with customers, is when the goods are dispatched to customers in case of ex-factory terms and when goods are received at customer's premises in case of delivery. The above is generally consistent with the timing and amounts of revenue the Company recognized in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company except for the following reclassification.

	As reported as at 30 June 2018	Reclassification	As at 01 July 2018
Statement of financial position		------Rupees------	
Current liabilities:			
Trade and other payables	247,656,692	29,484,858	277,141,550
Contract liability	-	(29,484,858)	(29,484,858)

The following table summaries the impacts of IFRS 15 on the balances reported in the Company's statement of financial position as at 30 June 2019, however, there was no impact on the statement of profit or loss, the statement of other comprehensive income and the statement of cash flows for the year ended 30 June 2019.

	Reported as at 30 June 2019	Reclassification	Amounts without adoption of IFRS 15 as at 30 June 2019
Statement of financial position		------Rupees------	
Current liabilities:			
Trade and other payables	245,461,183	3,524,579	248,985,762
Contract liability	3,524,579	(3,524,579)	-

The detailed accounting policy is explained in note 4.14 to these financial statements.

4.1.2 IFRS 9 Financial Instruments

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 replaced IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 contains three principal classification categories for financial assets:

- fair value through Other Comprehensive Income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables, held for trading and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has no significant impact on the Company's accounting policies and classifications related to financial liabilities.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets at 01 July 2018:

Particulars	Original classification under IAS 39	New classification under IAS 9	Original carrying amount under IAS 39 as at 30 June 2018	New carrying amount under IFRS 9 as at 01 July 2018
Cash and bank balances	Loans and receivable	Amortized cost	47,184,335	47,184,335
Deposits and other receivables	Loans and receivable	Amortized cost	8,707,478	8,707,478
Margin account with a banking company	Loans and receivable	Amortized cost	12,496,427	12,496,427
Trade debts - unsecured, considered good	Loans and receivable	Amortized cost	109,855,587	109,855,587

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than IAS 39.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for trade debts. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. For other financial assets at amortized cost and cash and cash equivalent, the Company assesses that credit risk of these financial assets as low and determined loss allowance at 12 month expected credit loss. The Company monitors changes in credit risk by tracking published external credit ratings. As explained in note 3.1 to these financial statements, requirements of ECL model of IFRS 9 is not applied on financial assets due from GOP as at 30 June 2019. The application of IFRS 9's impairment requirement didn't have a significant impact on Company's financial statements as at 1st July 2018 and for the year ended 30 June 2019.

The detailed accounting policies are explained in notes 4.5 and 4.6 to these unconsolidated financial statements.

4.2 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

4.3 Taxation

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.4 Staff retirement benefits

The Company operates an unfunded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Provision is made annually on the basis of actuarial recommendation to cover obligation under the scheme. Actuarial valuation of the scheme is undertaken at appropriate regular intervals and the latest valuation was carried out at 30 June 2019, using the "Projected Unit Credit Method".

Remeasurement of net defined benefit liability, which comprise of actuarial gains and losses is recognized immediately in other comprehensive income. The Company determines net interest expense/(income) on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then-net defined benefit, taking into account any change in the net defined benefit obligation during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss.

4.5 Financial instruments

4.5.1 Recognition and initial measurement

Financial assets and liabilities are initially recognized when the Company becomes a party to contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

4.5.2 Classification and subsequent measurement

Financial assets

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

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

Amortized cost

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

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

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

Financial assets measured at amortized cost comprise of cash and bank balances, advances to employees, trade debts, long term investments and other receivables.

Debt Instrument - FVOCI

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

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

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

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

Equity Instrument - FVOCI

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

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. However, the Company has no such instrument at the balance sheet date.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

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

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, the Company has no such instrument at the balance sheet date.

Financial assets – Business model assessment:

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

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

Financial liabilities comprise trade and other payables, long term financing, short term borrowing, current portion of long term financing and accrued mark up.

4.5.3 Derecognition

Financial assets

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

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

Financial liabilities

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

4.6 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

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

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

Non-financial assets

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

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

4.7 Offsetting of financial assets and financial liabilities

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

4.8 Trade and other payables

Liabilities for trade and other amounts payables are carried at cost which is the fair value of the consideration to be paid in future for goods or services received.

4.9 Property, plant and equipment

Owned

Property, plant and equipment except freehold land and capital work in progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work-in-progress are stated at cost less any identified impairment loss. Depreciation is charged to profit and loss by applying the reducing balance method at rates indicated in note 14.1 to these financial statements. Cost comprises purchase price, including duties and non refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection or installation.

Depreciation on additions to fixed assets is charged on full month basis when asset is capitalized, while no depreciation is charged in the month of disposal.

Major repairs and maintenance, which enhances the production capacity, quality of the premium products and increase the life of machinery, are capitalized, whereas, normal repairs and maintenance are charged to income as and when incurred.

Gain and loss on sale of an item of property, plant and equipment are determined by comparing the proceeds from sale with the carrying amount of property, plant and equipment, and are recognized net within "other income / other expenses" in profit or loss account.

Capital work in progress

Capital work in progress represents expenditure on property, plant and equipment in the course of construction and installation including material, labor and overheads directly relating to the project. Transfers are made to relevant category of property, plant and equipment as and when assets are available for use. Capital work in progress is stated at cost, less any identified impairment loss.

4.10 Intangibles

Intangible assets having finite useful life are stated at cost less accumulated amortization and any identified impairment loss. These are amortized using the straight line method at the rates given in note 15. Subsequent to initial recognition, it is measured at cost less accumulated amortization and accumulated impairment losses, if any. Amortization on additions is charged from the month in which an intangible asset is acquired, while no amortization is charged for the month in which intangible asset is disposed off.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are charged to income as and when incurred.

4.11 Stores, spare parts, loose tools and stock in trade

These are valued at lower of cost or net realizable value. Cost has been determined as follows:

Stores, spare parts and loose tools.	At moving average cost.
Raw material	At moving average cost.
Work in process	At average manufacturing cost.
Finished goods	At average manufacturing cost.

Items in transit, are valued at cost comprising invoiced value and related expenses. The Company reviews the carrying amount of stores and spares and stock in trade on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools and stock in trade. Impairment is also made for slow moving items.

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

4.12 Trade debts and other receivables

On initial recognition, these are measured at cost, being their fair value at the date of transaction. Subsequent to initial recognition, these are measured at amortized cost less expected credit loss if any, using the effective interest method, with interest recognized in profit and loss account. Bad debts are written off when identified.

4.13 Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position at cost. For the purpose of statement of cash flow statements cash and cash equivalents comprise of short term running finance and cash and bank balances.

4.14 Revenue recognition

Revenue from contracts with customers is recognized, when control of goods is transferred to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods excluding sales taxes and trade discounts. Specific revenue and other income recognition policies are as follows:

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer which, on the basis of current agreement with customers, is when the goods are dispatched to customers in case of ex-factory terms and when goods are received at customer's premises in case of delivery.

Dividends

Dividend income is recognized when the Company's right to receive payment is established.

Interest income

Interest income is recognized as it accrues under the effective interest method.

4.14.1 Contract liabilities

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

4.15 Foreign currency transactions

Foreign currency transactions are converted into Pak Rupees using the exchange rates prevailing on the date of transaction while monetary assets and liabilities are converted into Pak Rupees using the exchange rates prevailing at the balance sheet date. Exchange differences are charged to profit and loss account.

4.16 Borrowing costs

Borrowings and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

4.17 Provisions and contingencies

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of 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 current best estimate. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.18 Dividend to shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Company's financial statements in the year in which it is declared.

4.19 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the profit and loss account over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

		2019	2018
5	**Issued, subscribed and paid-up capital**	**Rupees**	Rupees
	34,200,000 (2018: 34,200,000) ordinary shares of Rs. 10 each fully paid in cash	**342,000,000**	342,000,000

5.1 Pak Kuwait Textiles Limited, the Parent Company, holds 33,119,000 (2018: 33,119,000) ordinary shares of Rs. 10 each of the Company comprising 96.84% (2018: 96.84%) of the paid up capital of the Company.

5.2 Directors hold 673,291 (2018: 673,291) ordinary shares of Rs. 10 each of the Company comprising 1.97% (2018: 1.97%) of the paid up capital of the Company.

6 **Long term financing - secured**

Banking Companies	Note	2019 Rupees	2018 Rupees	Rate Per annum	Number of remaining installments	Salient features
Faysal Bank Limited (FBL)						
(a) Diminishing Musharika Finance - III		-	3,550,919	6M KIBOR+1.0%	The loan has been fully repaid during the year.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. The sanctioned limit of this loan was Rs. 70 million.
(b) Diminishing Musharika Finance - IV		-	4,443,396	6M KIBOR+1.0%	The loan has been fully repaid during the year.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. The sanctioned limit of this loan was Rs. 50 million.
Bank Al-Habib Limited						
(c) Diminishing Musharika Finance - III		-	3,500,000	6M KIBOR+1.5 %	The loan has been fully repaid during the year.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. The sanctioned limit of this loan was Rs. 56 million.
(d) Diminishing Musharika Finance - IV		-	6,250,000	6M KIBOR+1.5 %	The loan has been fully repaid during the year.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. The sanctioned limit of this loan was Rs. 50 million.
Bank Al-Habib Limited - Islamic						
(e) Diminishing Musharika Finance - I		79,402,975	111,164,167	6M KIBOR+0.9 %	The loan is repayable in 10 equal quarterly installments ending in December 2021.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 163 million. This facility, along with facilities disclosed in (f), (g), (h), (i) and (j) is secured by way of first joint pari passu charge over the fixed assets of the Company amounting to Rs. 370 million.
(f) Diminishing Musharika Finance - II		3,750,010	6,250,006	6M KIBOR+0.9 %	The loan is repayable in 18 equal monthly installments ending in December 2020.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 10 million.
(g) Diminishing Musharika Finance - V		29,000,000	-	6M KIBOR+0.9 %	The loan is repayable in 16 equal quarterly installments ending in November 2023.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 32 million.

Banking Companies	Note	2019 Rupees	2018 Rupees	Rate Per annum	Number of remaining installments	Salient features
(h) Diminishing Musharika Finance - VI		13,154,400	-	6M KIBOR+1.25 %	The loan is repayable in 24 equal quarterly installments ending in March 2026.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 26 million.
(i) Diminishing Musharika Finance - VIII		262,500,000	300,000,000	6M KIBOR+0.9 %	The loan is repayable in 20 equal quarterly installments, ending in September 2024.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 300 million.
(j) Diminishing Musharaka - Vehicles		6,624,392	8,849,276	6M KIBOR+1.5%	The loan is repayable in monthly installments and year ending in May 2022.	The Company obtained this loan for the purpose of new/locally manufactured non commercial vehicles. Loan has sanctioned limit of Rs. 10 million.
Bank Alfalah Limited						
(k) Diminishing Musharaka		103,299,198	118,056,225	3M KIBOR+0.85 %	The loan is repayable in 21 equal quarterly installments ending in August 2024.	The Company obtained this loan for the purpose of purchase of comber machines. Loan has sanctioned limit of Rs. 120 million. This loan facility is secured by way of specific charge of Rs. 141 million on plant and machinery of the Company and ranking charge of Rs. 19 million on fixed assets of the Company (excluding land and building).
Bank of Punjab						
(l) Term Finance - I		-	3,343,500	6M KIBOR+1.5 %	The loan has been fully repaid during the year.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. The sanctioned limit this loan was of Rs. 100 million. This loan facility was secured by way of ranking charge over fixed assets of the Company of Rs.134 million.
		497,730,975	565,407,489			
Less: Current portion of long term financing	8	(110,481,480)	(109,782,164)			
		387,249,495	455,625,325			

7	Deferred liabilities	Note	2019 Rupees	2018 Rupees
	Staff retirement benefits	7.1	**22,657,676**	18,700,674
	Deferred tax liability	7.2	**241,807,656**	213,489,842
			264,465,332	232,190,516

7.1 Staff gratuity

The latest actuarial valuation of the Company's defined benefit plan, was conducted at 30 June 2019 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

		Note	2019 Rupees	2018 Rupees
7.1.1	**The amounts recognized in the balance sheet are as follows:**			
	Present value of defined benefit obligation	7.1.2	**22,657,676**	18,700,674
7.1.2	**Movement in the liability recognized in the statement of financial position is as follows:**			
	Liability at beginning of the year		**18,700,674**	16,670,758
	Charge for the year	7.1.3	**11,403,033**	10,412,479
	Actuarial gain credited to OCI	7.1.4	**(706,283)**	(1,124,069)
	Benefits paid during the year		**(6,739,748)**	(7,258,494)
	Liability at end of the year		**22,657,676**	18,700,674

7.1.3 The amounts recognized in these statement of profit or loss account against defined benefit plan are as follows:

	2019 Rupees	2018 Rupees
Current service cost	**10,023,261**	9,401,762
Interest cost	**1,379,772**	1,010,717
Charge to profit and loss	**11,403,033**	10,412,479

7.1.4 Included in other comprehensive income

Experience adjustment on obligation	**(706,283)**	(1,124,069)

7.1.5 Actuarial assumptions

	2019	2018
Valuation discount rate	**14.25%**	9.00%
Expected rate of increase in salaries	**13.25%**	8.00%
Average expected remaining working lifetime of employees	**8 years**	6 years

7.1.6 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2019 would have been as follows:

	Present value of defined benefit obligation due to	
	Increase in assumption	Decrease in assumption
Discount rate (100 bps change)	20,948,395	24,743,575
Salary increase (100 bps change)	24,798,860	20,862,004

7.1.7 The average duration of the defined benefit obligation is 8 years. The Company expects to charge Rs. 14.28 million to profit and loss account on account of defined benefit plan in 2020.

7.2 Deferred taxation

	2019			
	Opening balance	Charge / (reversal) to profit or loss	Charge / (reversal) to OCI	Closing balance
	Rupees			
Taxable temporary difference				
Accelerated tax depreciation	223,225,586	34,636,178	-	257,861,764
Deductible temporary differences				
Staff retirement benefits	(5,423,195)	(1,352,353)	204,822	(6,570,726)
Provision for WPPF and WWF	(3,279,050)	(1,606,174)	-	(4,885,224)
Provision for doubtful debts	(1,033,499)	(443,631)	-	(1,477,130)
Long term Investment	-	(3,121,028)	-	(3,121,028)
	213,489,842	28,112,992	204,822	241,807,656

	2018			
	Opening balance	Charge / (reversal) to profit or loss	Charge / (reversal) to OCI	Closing balance
	Rupees			
Taxable temporary difference				
Accelerated tax depreciation	195,887,904	27,337,682	-	223,225,586
Deductible temporary differences				
Staff retirement benefits	(3,917,391)	(1,831,784)	325,980	(5,423,195)
Provision for WPPF and WWF	-	(3,279,050)	-	(3,279,050)
Provision for doubtful debts	(690,466)	(343,033)	-	(1,033,499)
	191,280,047	21,883,815	325,980	213,489,842

8	**Current portion of long term financing**	*Note*	**2019 Rupees**	2018 Rupees
	Long term financing - secured	*6*	**110,481,480**	109,782,164

9	**Short term borrowing - secured**			
	From banking companies:			
	Short term financing	*9.1*	**893,576,990**	490,073,292
	Short term running finance	*9.2*	**3,207,467**	16,607,718
			896,784,457	506,681,010
	Payable against inland bills discounted	*9.3*	**-**	9,604,390
			896,784,457	516,285,400

9.1 This represents short term facilities availed from various banks having cumulative sanctioned limit of Rs. 2,500 million (2018: Rs. 2,200 million). Effective mark up rate on these facilities ranges from 6.67% to 13.70% (2018: 6.52% to 7.52%) per annum, payable quarterly or within the stipulated time. These facilities alongwith facilities mentioned below are secured by way of charge of Rs.1,657 million (2018: 1,657 million) on current assets of the Company and pledge of raw material as disclosed in 19.1 to these financial statements.

9.2 This represents running finance facilities obtained from various banks to meet working capital requirements with a cumulative sanctioned limit of Rs.70 million (2018: Rs.70 million). Mark up on this facilities ranges from 7.42% to 12.13% (2018: 6.64% to 7.37%) payable on quarterly basis. These facilities are secured by way of charge as mentioned above in note 9.1.

9.3 The Company has aggregate facilities of Rs. 200 million (2018: Rs. 200 million) for local bill discounting. The amount utilized as at 30 June 2019 was Nil (2018: Rs. 9.6 million) for local bill discounting. This facility is secured against same charges as mentioned above in note 9.1 except pledge of raw material.

9.4 The Company has aggregate facilities of Rs. 280 million (2018: Rs. 280 million) for opening of letters of credit and Rs. 105 million (2018: Rs. 45 million) for bank guarantees. The amount utilized as at 30 June 2019 was Rs. 16.03 million (2018: Rs. 40.94 million) for letters of credit and Rs. 55.49 million (2018: Rs. 53.49 million) for bank guarantee.

10	**Trade and other payables**	*Note*	**2019 Rupees**	2018 Rupees
	Trade creditors		**20,542,567**	22,464,996
	Accrued liabilities	*10.3*	**181,145,023**	165,833,044
	Advance from customers		**-**	29,484,858
	Payable to Workers' Profit Participation Fund	*10.1*	**11,945,826**	9,765,069
	Payable to Worker Welfare Fund	*10.2*	**4,899,773**	1,541,999
	Withholding tax payable		**117,708**	225,397
	Withholding sales tax payable		**160,967**	403,375
	Payable to commission and clearing agents		**14,785,314**	7,077,801
	Other payables		**11,864,005**	10,860,153
			245,461,183	247,656,692

	Note	2019 Rupees	2018 Rupees

10.1 Workers' Profit Participation Fund

	Note	2019 Rupees	2018 Rupees
At beginning of the year		**9,765,069**	10,910,849
Allocation for the year	27	**11,945,826**	9,765,069
Interest for the year	29	**817,323**	825,936
		22,528,218	21,501,854
Less: Paid during the year		**(10,582,392)**	(11,736,785)
At end of the year		**11,945,826**	9,765,069

10.2 Workers' Welfare Fund

	Note	2019 Rupees	2018 Rupees
At beginning of the year		**1,541,999**	4,468,359
Allocation for the year	27	**4,899,773**	1,541,999
Prior year charge		**114,799**	-
Less: Paid during the year		**(1,656,798)**	(4,468,359)
At end of the year		**4,899,773**	1,541,999

10.3 This includes Rs. 70.384 million booked on account of Gas Infrastructure Development Cess (GIDC) for the period from August 2014 to June 2019. The Company, along with various other companies has challenged the legality and validity of levy and demand of GIDC in Honorable Lahore High Court which is pending adjudication. However, on a prudent basis, the Company has recorded the GIDC amount for the mentioned period. Further, due to non payment, default surcharge of Rs. 57.22 million for the period from September 2015 to June 2019 has been imposed on the Company, which has not been recorded in these financial statements based on the opinion of legal advisor. The management is hopeful that the Company will not be required to pay the default surcharge.

11 Contract liability

	Note	2019 Rupees	2018 Rupees
Advance from customer	11.1	**3,524,579**	-

11.1 This represents advance received from customers for future sales of goods / services. The balance amounting to Rs. 29.48 million was classified as advance from customer in trade and other payables as at 30 June 2018 and reclassified to contract liability as at 01 July 2018, pursuant to adoption of IFRS 15 as explained in note 4.1.1 to these financial statements. Out of this balance Rs. 28.3 million is recognized as revenue during the year.

12 Mark-up accrued on borrowings

	2019 Rupees	2018 Rupees
Long term financing - secured	4,800,259	3,616,772
Short term borrowings - secured	19,316,180	13,202,432
	24,116,439	16,819,204

13 Contingencies and commitments

13.1 Contingencies

13.1.1 The Company filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Division Bench of the Honorable High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, had partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 2006, it was legal and the same was collected by the Excise Department in accordance with the law. The appeal was filed against the declaration that the infrastructure cess / fee collected after 28 December 2006 by the Excise Department is in accordance with law. The Province of Sindh and Excise and Taxation Department had also preferred an appeal against the judgment decided against them. The Honorable Supreme Court consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Honorable Sindh High Court Karachi. Stay has been granted by the Honorable Sindh High Court on 31 May 2011 on payment of 50% of the cess and on furnishing of bank guarantee for remaining 50% to the Excise Department. The petition is pending for hearing and stay is continuing. The management is confident of favorable outcome of the matter. The Company's legal counsel concurs with management's representation.

13.1.2 On 30 December 2017, Commissioner Inland Revenue (the Commissioner), through an order under section 122(5A), amended assessment relating to tax year 2013 wherein tax liability including WWF was determined as Rs. 57.2 million as against refund of Rs. 31.52 million claimed in the return of that year after adjustment of WWF . The Company filed petition before Honorable Lahore High Court (the Court) for the purpose of stay on the Order. The Court, in its order dated 21 May 2018, granted stay and stated further that stay shall continue until the case is decided by the Commissioner Appeals. As a consequence of audit the subsequent order under section 122(1)/ 122(5)/ 122(4) dated April 30, 2019 was framed creating additional demand of Rs. 558,742. The company has deposited 10% of the additional demand raised in the subsequent order to obtain stay for remaining tax demand. The company has filed appeal against the said order before the CIR (Appeals) Zone I, Lahore and is pending adjudication. As at 30 June 2019 the matter is pending adjudication and stay is continuing. Management is confident that the matter will ultimately be decided in favor of the Company. Accordingly no provision is booked in these financial statements. The Company's tax advisor concurs with management's representation.

13.1.3 On 31 May 2014 Deputy Commissioner Inland Revenue-LTU, (DCIR) raised a demand of Rs. 507 million for Tax year 2012 through an assessment order under section 122(5) of the Income Tax Ordinance, 2001. The said notice was contested by the Company before Commissioner appeal (CIR-A) who has passed the final order after some addition/deletion in the initial assessment order by the department and reduced the demand to Rs. 487 million. However the Company being aggrieved by this order, preferred an appeal to Appellant Tribunal Inland Revenue (ATIR) where the case was partially decided in the favor of company dated 03 April 2018 and net payable was significantly reduced to Rs 33 million and case was remanded to remanded back to DCIR which is still pending. However, being aggreived, the tax department filed Income Tax Reference application in Honorable Lahore High Court against the aforementioned Tribunal Order which is pending for final decision. The management of the Company, on the basis of opinion of the legal advisor is hopeful of the favorable outcome of the case. Accordingly no provision has been booked in these financial statements.

13.1.4 During the year on 27 September 2018 the Federal Government announced a subsidy on RLNG weighted average tariff. However, SNGPL, on the basis that announced subsidy has not been passed on by the Federal Government to SNGPL, did not incorporate the announced subsidy in subsequent bills. Being aggrieved, the Company filed writ petition (# 249137/18) in Honorable Lahore High Court (LHC) through APTMA against the impugned gas bill which were raised without giving effect of subsidized rate of weighted average tariff (i.e. 6.50 US$ per MMBTU). The LHC granted the interim relief to consumers and directed the SNGPL not to disconnect gas connections till final decision of the LHC. The management of the Company, on the basis of opinion of the legal advisor is hopeful of the favorable outcome of the case. Accordingly no provision has been booked in these financial statements.

13.2 Commitments

13.2.1 Aggregate amount of bank guarantees issued by banks outstanding as at balance sheet date amounted to Rs. 55.49 million (2018: Rs. 53.49 million)

	2019 Rupees	2018 Rupees
13.2.2 In respect of:		
- letters of credit for:		
- capital expenditure	-	39,614,973
- stores and spares	16,034,432	1,327,446
	16,034,432	40,942,419

14 Property, plant and equipment

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	*14.1*	1,617,205,967	1,657,449,984
Capital work in progress	*14.3*	50,921,774	36,962,648
		1,668,127,741	1,694,412,632

14.1 Operating fixed assets

	2019									
	Cost					Accumulated Depreciation				
	As at 01 July 2018	Additions during the year	Disposals during the year	As at 30 June 2019	Rate	As at 01 July 2018	Charge for the year	Disposals during the year	As at 30 June 2019	Net book value as at 30 June 2019
	Rupees				%	Rupees				
Owned										
Freehold land	34,857,369	-	-	34,857,369		-	-	-	-	34,857,369
Buildings on freehold land	250,071,737	195,080	-	250,266,817	5	103,388,593	7,343,375	-	110,731,968	139,534,849
Plant and machinery	2,289,673,264	86,873,307	-	2,376,546,571	10 & 5	887,340,447	118,621,672	-	1,005,962,119	1,370,584,452
Vehicles	11,490,299	5,136,600	(5,171,000)	11,455,899	20	4,601,706	2,157,216	(4,045,816)	2,713,106	8,742,793
Furniture and fittings	3,154,431	29,400	-	3,183,831	10	2,296,283	86,689	-	2,382,972	800,859
Electric installation	112,663,235	1,744,742	-	114,407,977	10	56,736,802	5,680,425	-	62,417,227	51,990,750
Tools and equipment	9,004,000	22,225	-	9,026,225	10	6,622,116	238,895	-	6,861,011	2,165,214
Office equipment	8,744,782	511,800	-	9,256,582	10	4,045,181	496,416	-	4,541,597	4,714,985
Tube well	4,321,530	1,330,330	-	5,651,860	10	1,499,535	337,629	-	1,837,164	3,814,696
	2,723,980,647	95,843,484	(5,171,000)	2,814,653,131		1,066,530,663	134,962,317	(4,045,816)	1,197,447,164	1,617,205,967
2019	2,723,980,647	95,843,484	(5,171,000)	2,814,653,131		1,066,530,663	134,962,317	(4,045,816)	1,197,447,164	1,617,205,967

	2018									
	Cost					Accumulated Depreciation				
	As at 01 July 2017	Additions/ transfers during the year	Disposals during the year	As at 30 June 2018	Rate	As at 01 July 2017	Charge for the year	Disposals during the year	As at 30 June 2018	Net book value as at 30 June 2018
	Rupees				%	Rupees				
Owned										
Freehold land	34,857,369	-	-	34,857,369		-	-	-	-	34,857,369
Buildings on freehold land	241,195,231	8,876,506	-	250,071,737	5	95,912,930	7,475,663	-	103,388,593	146,683,144
Plant and machinery	1,847,786,037	493,597,341	(51,710,114)	2,289,673,264	10 & 5	815,257,786	111,137,432	(39,054,771)	887,340,447	1,402,332,817
Vehicles	6,692,028	5,705,500	(907,229)	11,490,299	20	4,832,753	518,790	(749,837)	4,601,706	6,888,593
Furniture and fixture	3,154,431	-	-	3,154,431	10	2,200,952	95,331	-	2,296,283	858,148
Electric installation	86,487,335	26,175,900	-	112,663,235	10	51,877,937	4,858,865	-	56,736,802	55,926,433
Tools and equipment	9,004,000	-	-	9,004,000	10	6,357,773	264,343	-	6,622,116	2,381,884
Office equipment	8,204,482	540,300	-	8,744,782	10	3,570,508	474,673	-	4,045,181	4,699,601
Tube well	4,271,530	50,000	-	4,321,530	10	1,195,585	303,950	-	1,499,535	2,821,995
	2,241,652,443	534,945,547	(52,617,343)	2,723,980,647		981,206,224	125,129,047	(39,804,608)	1,066,530,663	1,657,449,984
2018	2,241,652,443	534,945,547	(52,617,343)	2,723,980,647		981,206,224	125,129,047	(39,804,608)	1,066,530,663	1,657,449,984

14.2 The depreciation charge for the year has been allocated as follows:

	Note	2019 Rupees	2018 Rupees
Cost of sales	24	132,937,882	123,252,111
Administrative expenses	25	2,024,435	1,876,936
		134,962,317	125,129,047

14.3 Capital work in progress

	2019	2018
Plant and machinery	4,167,794	342,648
Civil works	10,253,980	-
Intangibles	1,500,000	1,500,000
Advance against purchase of land	35,000,000	30,000,000
Advance against purchase of vehicles	-	5,120,000
	50,921,774	36,962,648

15 Intangibles

	Note	2019 Rupees	2018 Rupees
Computer software			
Cost	15.1	1,973,122	1,973,122
Less: Accumulated amortization	15.2	(1,973,122)	(1,874,463)
		-	98,659
Amortization rate		20%	20%

15.1 Cost

At beginning of the year		1,973,122	1,973,122
Additions during the year		-	-
At end of the year		1,973,122	1,973,122

15.2 Accumulated amortization

At beginning of the year		1,874,463	1,479,839
Amortization for the year	25	98,659	394,624
At end of the year		1,973,122	1,874,463

16 Long term investment

	Note	2019 Rupees	2018 Rupees
At amortised cost			
Additions during the year	16.1	90,900,000	-
Notional interest on discounting	16.2	(10,822,938)	
Amortization for the year	28	60,771	-
At end of the year		80,137,833	-

16.1 These represent 909 sales tax refund bonds having face value of Rs. 100,000 each, issued during the year by FBR Refund Settlement Company Limited in Central Depository System (book entry form) against refund payment orders issued in favor of the Company under section 67A of the Sales Tax Act 1990. These bonds are redeemable in June 2022 (maturity date) at the redemption price of Rs.130,000 per bond.

16.2 At initial recognition, bonds are recorded at fair value by discounting them at the rate of 13.85% per annum.

17 Long term deposits

These mainly include security deposits with Water and Power Development Authority.

18 Stores, spare parts and loose tools

	2019 Rupees	2018 Rupees
Stores	19,385,044	17,779,911
Spare parts and loose tools	28,539,169	28,077,715
	47,924,213	45,857,626

19	Stock-in-trade	Note	2019 Rupees	2018 Rupees
	Raw material	19.1	1,013,999,059	710,409,155
	Work in process		21,459,208	8,668,796
	Packing material		5,839,562	13,903,350
	Finished goods		68,761,971	51,113,541
			1,110,059,800	784,094,842

19.1 Raw materials amounting to Rs. 760.102 million (2018: Rs. 543.584 million) are pledged with lenders as security against short term borrowings.

20	Trade debts - unsecured	Note	2019 Rupees	2018 Rupees
	Local debtors - *unsecured*		235,375,848	113,419,378
	Allowance for expected credit loss	20.1	(5,093,552)	(3,563,791)
			230,282,296	109,855,587

20.1 The movement is as follows:

	Note	2019	2018
Balance at 01 July		3,563,791	2,711,216
Charge during the year	25	1,529,761	852,575
Balance at 30 June		5,093,552	3,563,791

21 Advances, deposits and prepayments

	2019	2018
Advances to employees - *unsecured, considered good*	1,165,484	736,098
Advances to suppliers - *unsecured, considered good*		
- local	306,850	15,620,910
- foreign	2,432,305	7,390,591
Security deposits	7,200	6,000
Sales tax receivable	266,910,834	277,603,779
Advance against letters of credit	434,852	2,348,060
Margin on bank guarantees	14,496,427	12,496,427
Prepayments	1,436,221	13,512,331
	287,190,173	329,714,196

22 Cash and bank balances

	2019	2018
Cash in hand	401,692	580,293
Cash at bank:		
-Current accounts	105,043,789	46,604,042
	105,445,481	47,184,335

23 Sales - Net

	Note	2019	2018
Sales	23.1	4,495,052,122	3,903,777,445
Less: Sales Tax		(3,376,522)	(2,456,378)
		4,491,675,600	3,901,321,067

23.1 **Disaggregation of Sales**

In the following table revenue from contracts with customers is disaggregated by primarily type of products.

	Note	2019 Rupees	2018 Rupees
Type of Products-Local Sales			
Cotton yarn		4,217,415,953	3,406,279,386
Viscose yarn		-	106,138,966
Waste sale		266,752,997	231,749,029
Raw material		7,506,650	134,522,656
		4,491,675,600	3,878,690,037
Type of Products-Export Sales			
Cotton yarn		-	22,631,030
		4,491,675,600	3,901,321,067

24 **Cost of sales**

	Note	2019 Rupees	2018 Rupees
Raw material consumed		3,017,437,940	2,315,845,096
Salaries, wages and benefits		201,412,070	193,293,737
Power and fuel		494,484,616	464,818,702
Stores and spares consumed		78,982,711	63,545,844
Packing material consumed		50,946,711	54,022,323
Repairs and maintenance		26,027,324	43,415,700
Vehicles running and maintenance		1,783,457	1,689,823
Insurance		15,604,806	13,440,914
Staff retirement benefits		10,948,302	9,916,548
Rent, rates, taxes		597,094	700,687
Freight charges		641,744	448,285
Entertainment		711,917	653,272
Depreciation	*14.2*	132,937,882	123,252,111
Other expenses		9,161,935	10,225,170
		4,041,678,509	3,295,268,212
Work in process			
At beginning of the year		13,903,350	14,209,275
At end of the year		(21,459,208)	(13,903,350)
		(7,555,858)	305,925
Cost of goods manufactured		4,034,122,651	3,295,574,137
Finished goods			
At beginning of the year		51,113,541	146,044,212
At end of the year		(68,761,971)	(51,113,541)
		(17,648,430)	94,930,671
Cost of sales - purchased products		7,263,026	141,277,020
Other cost of sales comprising freight expenses on sale		3,917,600	3,884,300
		4,027,654,847	3,535,666,128

25	Administrative expenses	Note	2019 Rupees	2018 Rupees
	Salaries and other benefits		16,490,003	16,470,692
	Traveling expenses		57,349	62,251
	Telephone, postage and telegrams		158,157	132,139
	Rent, rates and taxes		1,897,825	1,903,610
	Power and fuel		1,011,459	860,315
	Printing and stationery		369,587	300,681
	Entertainment		266,985	261,255
	Insurance		53,810	61,167
	Repairs and maintenance		341,285	252,318
	Legal and professional charges		410,000	773,750
	Auditors' remuneration	25.1	350,000	350,000
	Vehicle running and maintenance		488,425	349,784
	Charity and donation	25.2	8,140,000	7,125,000
	Subscription fees		681,669	487,619
	Staff retirement benefits		454,731	495,931
	Allowance for expected credit loss	20.1	1,529,761	852,575
	Trade debts written off		-	150,000
	Depreciation	14.2	2,024,435	1,876,936
	Amortization	15.2	98,665	394,624
	Other expenses		1,251,671	1,522,548
			36,075,817	34,683,195

25.1 Auditors' remuneration

Audit fee	300,000	300,000
Out of pocket expense	50,000	50,000
	350,000	350,000

25.2 These donations are paid to Chaudhary Nasrullah Family Trust (the "Trust"). Mr. Tariq Mehmood (CEO), Mr. Javed Nasrullah (director) and Mr. Raza Nasrullah (director) are on the board of trustees of the Trust.

26	Distribution cost	Note	2019 Rupees	2018 Rupees
	Freight and other expenses - export		-	1,005,718
	Salaries and other benefits		1,483,612	318,710
	Commission on yarn sales - local		26,026,517	20,817,698
	Loading and other expenses		4,154,992	4,500,721
			31,665,121	26,642,847

27	Other expenses	Note	2019 Rupees	2018 Rupees
	Workers' Profit Participation Fund	10.1	11,945,826	9,765,069
	Workers' Welfare Fund	10.2	5,014,572	1,541,999
	Advances written off		684,777	-
	Sales tax written off		2,321,013	-
	Notional interest on discounting of long term investment		10,822,938	-
	Loss on disposal of property, plant and equipment		-	5,270,719
			30,789,126	16,577,787

28 Other income

	Note	2019 Rupees	2018 Rupees
From financial assets:			
Profit on bank deposits		153	1,896
Amortisation of long term investment	*16*	60,771	-
		60,924	1,896
From non-financial assets:			
Gain on disposal of property, plant and equipment		795,649	-
Rebate on export		460,263	-
Exchange (loss) / gain		-	1,054,610
Sale of scrap		296,708	252,454
		1,552,620	1,307,064
		1,613,544	1,308,960

29 Finance cost

	Note	2019 Rupees	2018 Rupees
Interest and mark-up on			
- Long term financing - *secured*		51,491,864	37,747,030
- Short term borrowings - *secured*		91,227,712	63,984,602
Commission and other charges on letter of credit		609,261	1,564,903
Interest on Workers' Profit Participation Fund	*10.1*	817,323	825,936
Commission on bank guarantees		480,694	531,596
Bank charges		521,267	411,697
		145,148,121	105,065,764

30 Taxation

	2019 Rupees	2018 Rupees
Current		
- for the year	46,700,271	-
- prior	1,523,880	(2,394,698)
	48,224,151	(2,394,698)
Deferred - for the year	28,112,992	21,883,815
	76,337,143	19,489,117

30.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2019 Rupees	2018 Rupees
Profit before taxation	221,956,112	183,994,306
	-------(Percentage)	--------
Applicable tax rate as per Income Tax Ordinance, 2001	29%	30%
Tax on accounting profit	64,367,272	55,198,292
- income under Final Tax Regime	4,416	3,185,654
- prior year adjustment in current tax	1,523,880	(2,394,698)
- tax credits	(24,421,508)	(44,667,748)
- tax rate adjustment	32,743,277	(7,157,184)
- effect of minimum tax over tax under Normal Tax Regime	-	23,645,431
- others	2,119,806	(8,320,630)
	11,969,871	(35,709,175)
	76,337,143	19,489,117

31 Related party transactions and balances

The related parties comprise the Parent Company, the companies under common control, the companies where key management personnel have control, the directors of the Company and the key management personnel of the Company. Transactions and balances with related parties are as follows:

	Relationship	Nature of transactions	*Note*	2019 Rupees	2018 Rupees
Pak Kuwait Textiles Limited	Parent Company	Reimbursements of expenses		**2,593,490**	2,380,477
		Sale of Raw material		**-**	76,176,194
		Receivable balance-unsecured		**-**	15,000,000
Unigohar Homes (Private) Limited	Other related party	Rent expense		**1,800,000**	1,800,000
Nasr Garments Limited	Other related party	Advance paid during the year		**5,000,000**	30,000,000
		Closing advance against purchase of land		**35,000,000**	30,000,000
Chaudary Nasrullah Family Trust	Other related party	Donations		**8,140,000**	7,125,000
Mr. Rana Zafar Iqbal	Key Management Personnel	Remuneration	*34*	**6,237,725**	4,146,046

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be its key management personnel.

32 Financial Instruments

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

- 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.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also 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. The Board of Directors reviews and agrees policies for managing each of these risks.

32.1 Credit risk and concentration of 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. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

32.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2019 Rupees	2018 Rupees
Trade debts - *unsecured*	**230,282,296**	109,855,587
Long term investment	**80,137,833**	-
Deposits and other receivables	**8,536,711**	8,707,478
Margin account with a banking company	**14,496,427**	12,496,427
Bank balances	**105,043,789**	46,604,042
	438,497,056	177,663,534

32.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2019 Rupees	2018 Rupees
Customers	**230,282,296**	109,855,587
Federal Board of Revenue	**80,137,833**	-
Banking companies and financial institutions	**119,540,216**	59,100,469
Others	**8,536,711**	8,707,478
	438,497,056	177,663,534

32.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages. In case of long-term investment the management believes that there is no credit risk since the investment consists of FBR refund bonds that are backed by government

32.1.3(a) *Counterparties with external credit ratings*

These include banking companies and financial institutions. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Banks	Rating		Rating Agency	2019 Rupees	2018 Rupees
	Short term	Long term			
National Bank of Pakistan	A1+	AAA	PACRA	6,595,928	869,769
Faysal Bank Limited	A1+	AA	PACRA	14,496,427	34,036,162
Faysal Bank Barkat Islamic Banking	A1+	AA	PACRA	725,652	602,076
Habib Bank Limited	A-1+	AAA	JCR-VIS	9,703,900	8,890,830
Bank Alfalah Limited Islamic Banking	A1+	AA+	PACRA	13,332,526	1,287,868
Meezan Bank Limited	A-1+	AA+	JCR-VIS	19,855,520	1,454,387
United Bank Limited	A-1+	AAA	JCR-VIS	-	5,509
MCB Bank Limited	A1+	AAA	PACRA	6,281	61,108
Bank Al Habib Limited	A1+	AA+	PACRA	52,681,986	11,399,844
Bank of Punjab	A1+	AA	PACRA	1,787,209	135,688
Askari Bank Limited	A1+	AA+	JCR-VIS	354,787	357,228
				119,540,216	59,100,469

32.1.3(b) *Counterparties without external credit ratings*

These include customers which are counter parties to local and foreign trade debts against sale of yarn. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

	2019 Rupees	2018 Rupees
The aging of trade receivable at the reporting date is:		
Past due 1-30 days	218,430,230	105,012,224
Past due 31-180 days	11,138,661	4,197,731
Past due 181 days -365 days	713,405	645,632
Past due 366 above	-	-
	230,282,296	109,855,587

As at year end, trade debts do not include any balance receivable from related parties (2018: Nil).

32.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

32.2.1 Exposure to liquidity risk

32.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	2019				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
Non-derivative financial liabilities	Rupees				
Long term financing - *secured*	497,730,975	647,943,838	163,283,740	462,412,448	22,247,650
Trade and other payables	228,336,909	228,336,909	228,336,909	-	-
Mark-up accrued on borrowings	24,116,439	24,116,439	24,116,439	-	-
Short term borrowings - *secured*	896,784,457	896,784,457	896,784,457	-	-
	1,646,968,780	1,797,181,643	1,312,521,545	462,412,448	22,247,650

	2018				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
Non-derivative financial liabilities	Rupees				
Long term financing - *secured*	565,407,489	690,191,540	147,637,583	524,797,893	17,756,064
Trade and other payables	206,235,994	206,235,994	206,235,994	-	-
Mark-up accrued on borrowings	16,819,204	16,819,204	16,819,204	-	-
Short term borrowings - *secured*	516,285,400	516,285,400	516,285,400	-	-
	1,304,748,087	1,429,532,138	886,978,181	524,797,893	17,756,064

32.3 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 income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. As at 30 June 2019 the Company is not exposed to market risk.

32.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which advances, sales and purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currency in which these transactions are primarily denominated is US dollars. The company is not exposed to currency risk as at 30 June 2019.

32.3.2 **Interest rate risk**

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Carrying amount	
	2019	2018
Variable rate instruments:	**Rupees**	Rupees
Financial liabilities		
Long term loans - secured	497,730,975	565,407,489
Short term borrowing - secured	896,784,457	516,285,400
	1,394,515,432	1,081,692,889
	1,394,515,432	1,081,692,889

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

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before taxation 100 bps	
As at 30 June 2019	**Increase Rupees**	**Decrease Rupees**
Cash flow sensitivity-Variable rate financial liabilities	(13,945,154)	13,945,154
As at 30 June 2018		
Cash flow sensitivity-Variable rate financial liabilities	(10,816,929)	10,816,929

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

32.4 **Capital management**

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

The Company's objectives when managing capital are:

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

(ii) To provide an adequate return to shareholders.

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

32.5 **Financial instruments-fair values**

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

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

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

IFRS 13, 'Fair Value Measurements' 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 that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

		Carrying Amount			Fair Value		
		Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-Balance sheet financial instruments	*Note*	----------	----------	---------- Rupees	----------	----------	----------
<u>30 June 2019</u>							
<u>Financial assets measured at fair value</u>		-	-	-	-	-	-
<u>Financial assets not measured at fair value</u>							
Long term investment		80,137,833	-	80,137,833			
Cash and bank balances		105,445,481	-	105,445,481	-	-	-
Deposits and other receivables		8,536,711	-	8,536,711	-	-	-
Margin account with a banking company		14,496,427	-	14,496,427	-	-	-
Trade debts - unsecured		230,282,296	-	230,282,296	-	-	-
	32.5.1.1	438,898,748	-	438,898,748	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-
<u>Financial liabilities not measured at fair value</u>							
Long term financing - *secured*		-	497,730,975	497,730,975	-	-	-
Trade and other payables		-	228,336,909	228,336,909	-	-	-
Short term borrowings - *secured*		-	896,784,457	896,784,457	-	-	-
Mark-up accrued on borrowings		-	24,116,439	24,116,439	-	-	-
	32.5.1.1	-	1,646,968,780	1,646,968,780	-	-	-

		Carrying Amount			Fair Value		
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-Balance sheet financial instruments	*Note*	Rupees					
30 June 2018							
Financial assets measured at fair value		-	-	-	-	-	-
Financial assets not measured at fair value							
Cash and bank balances		47,184,335	-	47,184,335	-	-	-
Deposits and other receivables		8,707,478	-	8,707,478	-	-	-
Margin account with a banking company		12,496,427	-	12,496,427			
Trade debts - unsecured		109,855,587	-	109,855,587	-	-	-
	32.5.1.1	178,243,827	-	178,243,827	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-
Financial liabilities not measured at fair value							
Long term financing - *secured*		-	565,407,489	565,407,489	-	-	-
Trade and other payables		-	206,235,994	206,235,994	-	-	-
Short term borrowings - *secured*		-	516,285,400	516,285,400	-	-	-
Mark-up accrued on borrowings		-	16,819,204	16,819,204	-	-	-
	32.5.1.1	-	1,304,748,087	1,304,748,087	-	-	-

32.5.1.1 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

33 Reconciliation of movements of liabilities to cash flows arising from financing activities.

	30 June 2019		
	Liabilities		
	Long term finances	Short term borrowings	Total
	Rupees		
Balance as at 01 July 2018	565,407,489	499,677,682	1,065,085,171
Changes from financing activities			
Repayments of long term financing - net of receipts	(67,676,514)	-	(67,676,514)
Receipts from short term borrowings - net of payments	-	393,899,308	393,899,308
Total changes from financing cash flows	**(67,676,514)**	**393,899,308**	**326,222,794**
Closing as at 30 June 2019	**497,730,975**	**893,576,990**	**1,391,307,965**

	30 June 2018		
	Liabilities		
	Long term finances	Short term borrowings	Total
	Rupees		
Balance as at 01 July 2017	242,607,924	342,150,639	584,758,563
Changes from financing activities			
Borrowings during the year - secured	322,799,565	-	322,799,565
Receipts from short term borrowings - net of payments	-	157,527,043	157,527,043
Total changes from financing cash flows	322,799,565	157,527,043	480,326,608
Closing as at 30 June 2018	565,407,489	499,677,682	1,065,085,171

34 Remuneration of key management personnel

The aggregate amounts charged in the financial statements for the remuneration, including all benefits, to the Directors and executives of the Company were as follows:

	Directors		Executives	
	2019	2018	2019	2018
	(Rupees)			
Managerial remunerations	-	-	5,040,000	2,856,000
Retirement benefits	-	-	330,000	187,000
Utilities	-	-	360,000	204,000
Leave Encashment	-	-	300,000	150,000
Medical expenses	-	-	207,725	749,046
	-	-	6,237,725	4,146,046
Number of persons	3	3	1	1

34.1 No remuneration or any other benefits are being paid to the Chief Executive Officer of the Company (2018: Nil).

34.2 The total and average number of employees during the year and as at 30 June are as follows:

	2019	2018
	(Number of persons)	
Number of employees as at 30 June	665	673
Average number of employees during the year	672	670

35 Plant capacity and actual production

Spinning	*Unit*	2019	2018
Number of spindles installed	*No.*	45,984	45,984
Plant capacity on the basis of utilization converted into 20s count	*Kgs*	18,385,794	18,385,794
Actual production converted into 20s count	*Kgs*	21,976,765	21,190,873

It is difficult to precisely describe production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed and twist, picks etc. It would also vary according to the pattern of production adopted in a particular year.

36 Date of authorization for issue

These financial statements were authorized for issue on 18 NOV 2019 by the Directors of the Company.

Lahore

Chief Executive

Director

Name of Company AL NASR TEXTILES LTD.

Pattern of Holdings of the Shares held by the Shareholders of AL NASR TEXTILES LTD.

as at 30 th June , 2019

No. of shareholders	Shareholding From	To	Total Shares held
2	00001	10,000	9, 092
7	10,001	50, 000	299,103
1	50,001	100,000	99,515
3	100,001	300,000	673,290
1	30,000,001	35, 000,000	33.119. 000
14		TOTAL -	34,200.000

Categories of Shareholders	No of Shareholders	Shares Held	Percentage
Ind viduals	14	1,081,000	3 16%
Holding co.	1	33,119,000	96 84%
TOTAL	15	34,200,000	100 00%

Al Nasr Textiles Limited

Meeting Schedule for the Year ended 30th June, 2019

Director Name	Quarter - 1	Quarter - 2	Quarter - 3	Quarter - 4	Total Meetings Attended
Mr. Tariq Mehmood	✓	✓	✓	✓	4
Mr. Javed Nasrullah	✗	✓	✓	✗	2
Mr. Raza Nasrullah	✓	✗	✓	✓	3