Pak Kuwait Textiles Limited

Unconsolidated Financial Statements for the year ended

30th June 2019

PAK KUWAIT TEXTILES LIMITED

Directors Report for the Year Ended 30th June, 2019

PAK KUWAIT

The Directors of **Pak Kuwait 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)	4,571,002,075	3,871,952,645
Gross Profit	460,111,641	312,265,867
Profit before taxation	202,990,173	136,361,359
Taxation	(67,781,225)	(37,911,302)
Profit after taxation	135,208,948	98,450,057
Total Comprehensive Income for the year	137,468,409	98,679,885
Un-appropriated Profit brought forward	859,275,039	807,470,154
Dividend	(84,375,000)	(46,875,000)
Un-appropriated Profit carried forward	912,368,448	859,275,039
Earnings per Share	**3.61**	**2.63**

COMPANY PERFORMANCE

During the year, the gross profit margin increased by 47.35% as compared to F/Y 2018. This increase reflects the tireless efforts by the management during a slump in the textile industry. Procuring cotton on favorable rates led to this increase in gross margins Your Company earned a profit after tax of Rs. 135,208,948 as compared to last year's profit after tax of Rs. 98,450,057 (F/Y 2018).Your Company has achieved Gross profit margin 10.06% for fiscal year under review as compared to 8.06% last year, increase in mainly attributable to economics of scale and effective planning and management of resource.

PAK KUWAIT

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:

- Autoleveller Upgradation of Toyoda DX8-Lt (using original T&G)-Two delivery
- Uster Jossi Vision Shield-2 (Trade-In)with 6 Spectroscopes

FUTURE PROSPECTS

Currently Cotton prices are extremely volatile, cotton crop failure has added to the problems. 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.

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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INDEPENDENT AUDITOR'S REPORT

To the members of Pak Kuwait Textiles Limited

Report on the audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pak Kuwait 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.

KPMGTH

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.

KPMGTH

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.

Lahore

Date: 18 November 2019

KPMG Taseer Hadi & Co.
Chartered Accountants

Pak Kuwait Textiles Limited
Unconsolidated Statement of Financial Position
As at 30 June 2019

EQUITY AND LIABILITIES	Note	2019 Rupees	2018 Rupees
Share capital and reserve			
Authorized 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	4	375,000,000	375,000,000
Accumulated profit		912,368,448	859,275,039
		1,287,368,448	1,234,275,039
Non-current liabilities			
Long term financing - *secured*	5	24,855,782	42,343,708
Deferred liabilities	6	117,834,251	111,190,254
		142,690,033	153,533,962
Current liabilities			
Current portion of long term financing-*secured*	7	18,280,751	40,144,708
Short term borrowings - *secured*	8	783,090,433	447,713,896
Trade and other payables	9	265,354,543	232,105,476
Contract liability	10	5,582,108	-
Accrued mark-up	11	21,495,556	10,795,826
		1,093,803,391	730,759,906
		2,523,861,872	2,118,568,907
Contingencies and commitments	12		

ASSETS	Note	2019 Rupees	2018 Rupees
Non-current assets			
Property, plant and equipment	13	566,773,994	602,375,249
Intangibles	14	-	621,995
Long term deposits	15	5,826,030	5,792,530
Long term investment	16	331,190,000	331,190,000
		903,790,024	939,979,774
Current assets			
Stores, spare parts and loose tools	17	26,973,783	26,004,115
Stock-in-trade	18	1,061,938,559	699,476,376
Trade debts - unsecured	19	317,413,951	191,540,824
Advances, deposits and prepayments	20	164,563,884	151,530,098
Other receivables		297,518	528,504
Advance tax - *net*		4,290,409	15,245,096
Cash and bank balances	21	44,593,744	94,264,120
		1,620,071,848	1,178,589,133
		2,523,861,872	2,118,568,907

The annexed notes from 1 to 35 form an integral part of these unconsolidated financial statements.

Lahore

Chief Executive

Director

Pak Kuwait Textiles Limited
Unconsolidated Statement of Profit or Loss
For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
Sales - Net	22	**4,571,002,075**	3,871,952,645
Cost of sales	23	**(4,110,890,434)**	(3,559,686,778)
Gross profit		**460,111,641**	312,265,867
Administrative expenses	24	**(43,603,628)**	(48,430,410)
Distribution cost	25	**(49,297,111)**	(40,641,091)
Other expenses	26	**(15,521,267)**	(10,950,428)
Other income	27	**1,267,311**	406,603
		(107,154,695)	(99,615,326)
Operating profit		**352,956,946**	212,650,541
Finance cost	28	**(149,966,773)**	(76,289,182)
Profit before taxation		**202,990,173**	136,361,359
Taxation	29	**(67,781,225)**	(37,911,302)
Profit after taxation		**135,208,948**	98,450,057

The annexed notes from 1 to 35 form an integral part of these unconsolidated financial statements.

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

Pak Kuwait Textiles Limited
Unconsolidated Statement of Comprehensive Income
For the year ended 30 June 2019

	2019 Rupees	2018 Rupees
Profit after taxation	**135,208,948**	98,450,057
Other comprehensive income		
Items that will never be reclassified to profit and loss account:		
- Remeasurement of defined benefit obligation	3,182,340	323,702
- Related deferred tax	(922,879)	(93,874)
	2,259,461	229,828
Total comprehensive income for the year	137,468,409	98,679,885

The annexed notes from 1 to 35 form an integral part of these unconsolidated financial statements.

Lahore

Chief Executive

Director

Pak Kuwait Textiles Limited

Unconsolidated 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	375,000,000	807,470,154	1,182,470,154
Total comprehensive income for the year			
Profit for the year ended 30 June 2018	-	98,450,057	98,450,057
Other comprehensive income for the year ended 30 June 2018	-	229,828	229,828
	-	98,679,885	98,679,885
Transactions with owners of the Company:			
Ist Interim cash dividend at Rs. 0.5 per share for the year ended 30 June 2018		(18,750,000)	(18,750,000)
2nd Interim cash dividend at Rs. 0.75 per share for the year ended 30 June 2018	-	(28,125,000)	(28,125,000)
	-	(46,875,000)	(46,875,000)
Balance as at 30 June 2018	**375,000,000**	**859,275,039**	**1,234,275,039**
Total comprehensive income for the year			
Profit for the year ended 30 June 2019	-	135,208,948	135,208,948
Other comprehensive income for the year ended 30 June 2019	-	2,259,461	2,259,461
	-	137,468,409	137,468,409
Transactions with owners of the Company:			
Ist Interim cash dividend at Rs. 1.25 per share for the year ended 30 June 2019	-	(46,875,000)	(46,875,000)
2nd Interim cash dividend at Rs. 0.5 per share for the year ended 30 June 2019	-	(18,750,000)	(18,750,000)
3rd Interim cash dividend at Rs. 0.5 per share for the year ended 30 June 2019	-	(18,750,000)	(18,750,000)
	-	(84,375,000)	(84,375,000)
Balance as at 30 June 2019	**375,000,000**	**912,368,448**	**1,287,368,448**

The annexed notes from 1 to 35 form an integral part of these unconsolidated financial statements.

Lahore

Chief Executive

Director

Pak Kuwait Textiles Limited

Unconsolidated Statement of Cash Flow Statement

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
Cash flows from operating activities			
Profit before taxation		202,990,173	136,361,359
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	*13.2*	56,700,192	61,367,202
Amortization on intangibles	*14.1*	621,995	1,792,982
Finance cost	*28*	149,966,773	76,289,182
(Gain) / loss on disposal of property, plant and equipment		(694,815)	362,948
Allowance for expected credit loss	*24*	367,229	129,487
Provision for Worker's Profit Participation Fund	*26*	10,916,255	7,347,442
Provision for Worker's Welfare Fund	*26*	4,418,673	3,240,038
Provision for staff retirement benefits	*6.1.3*	20,329,155	19,552,602
		242,625,457	170,081,883
Operating profit before working capital changes		445,615,630	306,443,242
Changes in working capital			
Decrease/(increase) in current assets:			
Stores, spare parts and loose tools		(969,668)	537,782
Stock-in-trade		(362,462,183)	(315,199,948)
Trade debts		(126,240,356)	(15,246,122)
Advances, deposits and prepayments		(13,033,786)	(50,093,701)
Other receivables		230,986	592,120
Decrease in current liabilities:			
Trade and other payables		33,910,225	80,685,857
		(468,564,782)	(298,724,012)
Cash (used in) / generated from operations		(22,949,152)	7,719,230
Finance cost paid		(138,652,072)	(72,284,907)
Staff retirement benefits paid	*6.1.2*	(17,309,102)	(15,980,473)
Payment made to Worker's Profit Participation Fund	*9.3*	(7,962,413)	(3,141,409)
Payment made to Worker's Welfare Fund	*9.4*	(3,066,536)	(1,283,012)
Income tax paid		(50,943,133)	(24,365,676)
		(217,933,256)	(117,055,477)
Net cash used in operating activities		(240,882,408)	(109,336,247)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(21,549,956)	(16,119,778)
Long term deposits		(33,500)	-
Proceeds from disposal of property, plant and equipment		1,145,834	1,695,721
Net cash used in investing activities		(20,437,622)	(14,424,057)
Cash flows from financing activities			
Long term financing - net		(39,351,883)	(48,519,249)
Short term borrowings - net		285,388,318	213,625,301
Dividend paid		(84,375,000)	(46,875,000)
Net cash generated from financing activities		161,661,435	118,231,052
Net decrease in cash and cash equivalents		(99,658,595)	(5,529,252)
Cash and cash equivalents at beginning of the year		59,904,867	65,434,119
Cash and cash equivalents at end of the year		(39,753,728)	59,904,867
Cash and cash equivalents comprise of the following:			
Cash and bank balances	*21*	44,593,744	94,264,120
Short term running finance	*8*	(84,347,472)	(34,359,253)
		(39,753,728)	59,904,867

The annexed notes from 1 to 35 form an integral part of these unconsolidated financial statements.

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

1 Reporting Entity

Pak Kuwait Textiles Limited ("the Company") was incorporated in Pakistan in 1981 as an unquoted Public Limited Company. The principal activity of the Company is manufacturing and sale of cotton yarn and polyester blended yarn, 100% carded and combed yarn. The Company commenced its operations in September, 1981. The registered address of the Company is situated at 29-Shadman II, Lahore, Pakistan. Production facility is situated at Hadali Town, Jauharabad, District Khushab, Pakistan.

2 Basis of preparation

2.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investee. Consolidated financial statements of the Company are prepared separately.

The Company has the following major investment:

Name of the Company	2019	2018
	(Shareholding)	
Subsidiary		
Al Nasr Textiles Limited	**96.84%**	96.84%

The registered address of the Subsidiary Company is situated at 29-Shadman II, Lahore, Pakistan. Production facility is situated at 5-Km Raiwaind Manga Road, District Kasur, Pakistan.

2.2 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.

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

2.3.1 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 unconsolidated 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 unconsolidated 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 amortised 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 1 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 unconsolidated 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 unconsolidated financial statements.

2.4 Basis of measurement

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

2.5 Functional and presentation currency

These unconsolidated 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.

2.6 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:

2.6.1 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 13.

2.6.2 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.

2.6.3 Stores, spare parts, loose tools

The Company reviews the stores, spare parts and 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.

2.6.4 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 amortised 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.

2.6.5 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.

2.6.6 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.

2.6.7 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.

2.6.8 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.

2.6.9 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.

2.6.10 Contingencies

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation can not be measured with sufficient reliability, it is disclosed as contingent liability.

3 Significant accounting policies

The significant accounting policies set out below, have been applied consistently to all periods presented in these unconsolidated financial statements, except as disclosed in note 3.1.

3.1 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 unconsolidated financial statements has not been restated to reflect the requirements of these 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:

3.1.1 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 recognised 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 recognised 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	232,105,476	(21,321,982)	210,783,494
Contract liability	-	21,321,982	21,321,982

The following table summaries the impacts of IFRS 15 on the balances reported in the Company's unconsolidated statement of financial position as at 30 June 2019, however, there was no impact on the statement of unconsolidated profit or loss, unconsolidated comprehensive income and the unconsolidated 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	265,354,543	5,582,108	270,936,651
Contract liability	5,582,108	(5,582,108)	-

The detailed accounting policy is explained in note 3.16 to these unconsolidated financial statements.

3.1.2 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 amortised 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 IFRS 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	94,264,120	94,264,120
Deposits and other receivables	Loans and receivable	Amortized cost	11,085,231	11,085,231
Margin account with a banking company	Loans and receivable	Amortized cost	30,412,490	30,412,490
Trade debts - unsecured, considered good	Loans and receivable	Amortized cost	191,540,824	191,540,824

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 amortised 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. The application of IFRS 9's impairment requirement did not have a significant impact on the Company's unconsolidated financial statements as at 1st July 2018 and for the year ended 30 June 2019.

The detailed accounting policies are explained in notes 3.13 and 3.14 to these unconsolidated financial statements.

3.2 Share capital

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

3.3 Taxation

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

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.

3.4 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 comprises of actuarial gains and losses is recognized 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.

3.5 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.

3.6 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.

3.7 Property, plant and equipment

__Owned__

Operating assets except freehold land is stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Depreciation is charged to income by applying the reducing balance method at rates indicated in note 13 to these unconsolidated 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 from the month asset is capitalized, while no depreciation is charged in the month of disposal.

Major repairs and maintenance, which enhance the production capacity, quality of the premium products and increase the life of machinery, are capitalized, whereas, normal repairs and maintenance are charged to profit and loss account 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 recognised net within "other income / other expenses" in profit or loss account.

3.8 Intangibles

Intangibles having finite useful life are stated at cost less accumulated amortisation and any identified impairment loss. These are amortized using the straight line basis at the rates given in note 14. Subsequent to initial recognition, it is measured at cost less accumulated amortization and accumulated impairment losses, if any. Amortisation on additions is charged from the month in which an intangible asset is acquired, while no amortisation is charged for the month in which intangible asset is disposed off.

Subsequent expenditure on intangibles 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 profit and loss account as and when incurred.

3.9 Investments

Investment in subsidiaries

Investments in subsidiaries are initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account.

3.10 Stores, spare parts and stock in trade

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

Stores and spares	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.

3.11 Trade debts and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.12 Cash and cash equivalents

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

3.13 Financial instruments

3.13.1 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.

3.13.2 **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 and deposits, trade debts 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.

3.13.3 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.

3.14 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

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.

3.15 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.

3.16 Revenue recognition

Revenue from contracts with customers is recognised, 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 recognised 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 recognised as it accrues under the effective interest method.

3.16.1 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.

3.17 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.

3.18 Foreign currency transactions

Transactions denominated in foreign currencies are translated to Pak Rupees, which is the Company's functional currency, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Exchange differences on conversion are charged to profit and loss account.

3.19 Dividend to ordinary 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.

3.20 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.

4 Issued, subscribed and paid-up capital

	2019 Rupees	2018 Rupees
2,500,000 (2018: 2,500,000) ordinary shares of Rs. 10 each fully paid in cash	25,000,000	25,000,000
35,000,000 (2018: 35,000,000) ordinary shares of Rs. 10 each issued as fully paid bonus shares	350,000,000	350,000,000
	375,000,000	375,000,000

4.1 Directors hold 13,227,464 (2018: 13,227,464) ordinary shares of Rs. 10 each of the Company comprising 35.27% (2018: 35.27%) of the paid up capital of the Company.

5 Long term financing - secured

Banking Companies	Note	2019 Rupees	2018 Rupees	Mark-up Rate per annum (%)	Number of remaining installments	Salient features
Bank Al-Habib Limited						
(a) Term Finance-I		-	6,250,000	6 M KIBOR + 1.5%	The loan has been fully repaid during the year.	The Company obtained this loan for import of two Cummins DG Set 2000 KVA Generators. The sanctioned limit of this facility was Rs. 50 Million. This facility, along with facilities disclosed in (b) and (d) was secured by way of joint pari passu charge of Rs. 164.2 million registered with SECP over fixed assets of the Company.
(b) Term Finance-III		-	1,550,000	6 M KIBOR + 1.5 %	The loan has been fully repaid during the year.	The Company obtained this loan in June 2014 for import of MK-7 Card machinery. The sanctioned limit of this facility was Rs. 6.5 Million.
Bank Al-Falah Limited						
(c) Diminishing Musharaka		**30,387,515**	43,893,079	3 M KIBOR + 0.90% (Floor: 6% Cap: 15%)	The loan is repayable in 20 equal quarterly installments including grace period of one year ending in July 2021.	The Company obtained this loan for import of 2 Sets of Draw frames, 3 Sets of Automatic Cone Winder and 2 Sets of Crosol MK-7D Production Single Cotton Card. The sanctioned limit of this facility is Rs. 82 Million. This facility is secured by way of first exclusive charge of Rs 82 million on specific diminishing musharika assets duly registered with SECP.
Bank Al Habib Islamic						
(d) Diminishing Musharaka		**11,163,353**	14,352,885	6 M KIBOR + 0.9% (Floor:6% Cap:16%)	The loan is repayable in 20 equal quarterly installments, including one year grace period, ending in October 2022.	The Company obtained this loan for import of 10,000 Novibra Spindles. The sanctioned limit of this facility is Rs. 16.6 Million. This loan is secured by way of exclusive charge over imported machinery of Rs. 16 million.

Banking Companies	Note	2019 Rupees	2018 Rupees	Mark-up Rate per annum (%)	Number of remaining installments	Salient features
Faysal Bank Limited						
(e) Term Finance-I		-	382,841	3 M KIBOR + 1%	The loan has been fully repaid during the year.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement (BMR). The sanctioned limit of this facility was Rs. 20 million. This loan along with loans disclosed in (f), (g) and (h) are secured by way of first pari passu charge over all present and future fixed assets of the Company amounting to Rs. 106 million.
(f) Term Finance-II		-	1,070,656	3 M KIBOR + 1%	The loan has been fully repaid during the year.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement (BMR).
(g) Diminishing Musharaka-I		1,585,665	3,964,164	6 M KIBOR + 1%	The loan is repayable in 2 equal quarterly installments, ending in September 2019.	The Company obtained this loan for Balancing Modernization and Replacement (BMR). Sanctioned limit for this loan along with loan disclosed in (h) below is Rs. 38.78 million.
(h) Diminishing Musharaka-II		-	6,524,791	6 M KIBOR + 1%	The loan has been fully repaid during the year.	The Company obtained this loan for Balancing Modernization and Replacement (BMR).
MCB Bank Limited						
(i) Term Finance		-	4,500,000	6 M KIBOR + 1.5%	The loan has been fully repaid during the year.	The Company obtained this loan for import of textile machinery. The sanctioned limit of this facility was Rs. 24 million. This loan was secured by way of first joint pari passu charge over all present and future fixed assets of the Company amounting to Rs. 41.33 million.
		43,136,533	82,488,416			
Less: Current maturity of long term financing	7	(18,280,751)	(40,144,708)			
		24,855,782	42,343,708			

6 Deferred liabilities	Note	2019 Rupees	2018 Rupees
Staff retirement benefits	6.1	41,382,369	41,544,656
Deferred taxation	6.2	76,451,882	69,645,598
		117,834,251	111,190,254

6.1 Staff retirement benefits

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
6.1.1 The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligation	6.1.2	41,382,369	41,544,656

6.1.2 Movement in the liability recognized in the unconsolidated statement of financial position is as follows:

	Note	2019 Rupees	2018 Rupees
Liability at beginning of the year		41,544,656	38,296,229
Charge to profit and loss	6.1.3	20,329,155	19,552,602
Actuarial gain on defined benefit obligation	6.1.4	(3,182,340)	(323,702)
Benefits paid during the year		(17,309,102)	(15,980,473)
Liability at end of the year		41,382,369	41,544,656

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

	2019 Rupees	2018 Rupees
Current service cost	17,369,046	17,203,888
Interest cost	2,960,109	2,348,714
Charge to profit or loss account	20,329,155	19,552,602

6.1.4 Included in other comprehensive income:

	2019	2018
Experience adjustment on obligation	(3,182,340)	(323,702)
Credit to other comprehensive income	(3,182,340)	(323,702)

6.1.5 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	**10 years**	7 years

6.1.6 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
	-------Rupees-------	
Discount rate (100 bps change)	37,715,886	45,843,293
Salary increase (100 bps change)	45,925,937	37,567,458

6.1.7 The average duration of the defined benefit obligation is 10 years. The Company expects to charge Rs. 25.34 million to unconsolidated statement of profit or loss on account of defined benefit plan in 2020.

6.2 Deferred taxation

	2019			
	Opening balance	**Charge / (reversal) to profit or loss**	**Charge / (reversal) to OCI**	**Closing balance**
	----------Rupees----------			
Taxable temporary difference				
Accelerated tax depreciation	**85,137,086**	**8,292,793**	**-**	**93,429,879**
Deductible temporary differences				
Staff retirement benefits	**(12,047,950)**	**(875,816)**	**922,879**	**(12,000,887)**
Provision for WPPF and WWF	**(3,070,369)**	**(1,427,076)**	**-**	**(4,497,445)**
Provision for doubtful debts	**(373,169)**	**(106,496)**	**-**	**(479,665)**
	69,645,598	**5,883,405**	**922,879**	**76,451,882**

	2018			
	Opening balance	Charge / (reversal) to profit or loss	Charge / (reversal) to OCI	Closing balance
	----------Rupees----------			
Taxable temporary difference				
Accelerated tax depreciation	88,200,466	(3,063,380)	-	85,137,086
Deductible temporary differences				
Staff retirement benefits	(9,691,423)	(2,450,401)	93,874	(12,047,950)
Provision for WPPF and WWF	-	(3,070,369)	-	(3,070,369)
Provision for doubtful debts	(293,515)	(79,654)	-	(373,169)
	78,215,528	(8,663,804)	93,874	69,645,598

7	Current portion of long term financing	Note	2019 Rupees	2018 Rupees
	Long term financing - secured	5	18,280,751	40,144,708

8 Short term borrowings - secured

From banking companies:

	Note	2019	2018
Short term running finance	8.1	84,347,472	34,359,253
Short term financing	8.2	642,578,939	382,607,340
		726,926,411	416,966,593
Payable against inland bills discounted	8.3	56,164,022	30,747,303
		783,090,433	447,713,896

8.1 This represents running finance facility availed from Faysal Bank Limited to meet working capital requirements with a cumulative sanctioned limit of Rs. 200 million (2018: Rs. 200 million). Mark up on this facility ranges from 7.43% to 11.99% (2018: 6.64% to 7%) and is payable on quarterly basis. This facility is secured by way of charge of Rs. 545 million (2018: 545 million) on current assets of the Company.

8.2 This represents various short term finance facilities availed from various commercial banks having cumulative sanctioned limit of Rs. 2,180 million (2018: Rs. 1,730 million). Mark up / profit on these facilities range from 6.58% to 14.46% (2018: 6.4% to 7.74%) payable on quarterly or monthly basis. These facilities are secured by way of charge of Rs.1,582 million (2018: Rs. 1,582 million) on fixed and current assets of the Company and pledge of raw material as disclosed in note 18 to these unconsolidated financial statements.

8.3 This represent bill discounting facilities availed from various commercial banks with cummulative sanctioned limit of Rs. 375 million (2018: Rs. 285 million). This facility is secured against same charges as mentioned above in note 8.2 except pledge of raw material.

8.4 The Company has aggregate facilities of Rs. 210 million (2018: Rs. 210 million) for opening of letters of credit and Rs. 90 million (2018: Rs. 90 million) for bank guarantees. The amount utilized at 30 June 2019 was Rs. 1.15 million (2018: Rs. 118.11 million) for letters of credit and Rs. 80.14 million (2018: Rs. 67.44 million) for bank guarantee.

9	Trade and other payables	Note	2019 Rupees	2018 Rupees
	Trade creditors		29,847,394	32,650,429
	Refundable security	9.1	12,046,733	12,050,233
	Accrued liabilities	9.2	158,436,120	131,053,477
	Advances from customers		-	21,321,982
	Withholding income tax payable		177,544	150,399
	Withholding sales tax payable		291,051	500,203
	Payables to Workers' Profit Participation Fund	9.3	10,916,255	7,347,442
	Payables to Workers' Welfare Fund	9.4	4,592,175	3,240,038
	Payable to commission agents		31,048,341	11,891,866
	Payable to clearing agents		121,385	834,242
	Other payables		17,877,545	11,065,165
			265,354,543	232,105,476

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9.1 These interest free security deposits are held by the Company against packing material contractors, loading/unloading contractors and waste vendors. These are repayable on demand subject to clearance of dues. These amounts are not kept in a separate bank account which is a non-compliance of section 217 of the Companies Act 2017.

9.2 This includes Rs. 44.373 million booked on account of gas infrastructure development cess (GIDC) for the period from August 2014 to December 2018. The company along with various other companies has challenged the legality and validity of levy and demand of GIDC in the Honorable Lahore High Court which is pending for 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. 38.647 million for the period from June 2015 to June 2019 has been imposed on the company, which has not been recorded in these unconsolidated financial statement on the basis of opinion of legal advisor. The management is hopeful that the company will not be required to pay the default surcharge.

		Note	2019 Rupees	2018 Rupees
9.3	**Workers' Profit Participation Fund**			
	At beginning of the year		**7,347,442**	2,920,343
	Interest for the year	*28*	**614,971**	221,066
	Allocation for the year	*26*	**10,916,255**	7,347,442
			18,878,668	10,488,851
	Paid during the year		**(7,962,413)**	(3,141,409)
	At end of the year		**10,916,255**	7,347,442
9.4	**Workers' Welfare Fund**			
	At the beginning of the year		**3,240,038**	1,283,012
	Allocation for the year	*26*	**4,592,175**	3,240,038
	Prior year reversal		**(173,502)**	-
	Payment made during the year		**(3,066,536)**	(1,283,012)
	At end of the year		**4,592,175**	3,240,038
10	**Contract liability**			
	Advance from customer	*10.1*	**5,582,108**	-

10.1 This represents advance received from customers for future sales of goods / services. The balance amounting to Rs. 21.32 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 3.1.1 to these unconsolidated financial statements. Out of this balance Rs. 5.16 million is recognized as revenue during the year.

		2019 Rupees	2018 Rupees
11	**Accrued mark-up**		
	Long term financing - secured	**1,096,154**	2,207,547
	Short term borrowings - secured	**20,399,402**	8,588,279
		21,495,556	10,795,826

12 Contingencies and commitments

12.1 Contingencies

12.1.1 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, 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 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 favourable outcome of the matter. The Company's legal counsel concurs with management's representation.

12.1.2 The Company has received a demand notice of Rs. 2.607 million on 13 June 2013 from Additional Collector Customs (ACC) regarding alleged duties and taxes on DTRE sales. An appeal was filed against an impunged order and ACC (Adjudication), in it's order dated 16 August 2013, adjudged an amount of Rs. 1.12 million against the Company. An appeal against the aforesaid order was filed in Appellate Tribunal Customs, Lahore Bench which is still pending adjudication. The management expects a favourable outcome of the case. The Company's legal counsel concur with management's representation.

12.1.3 In October 2014, liability for tax year 2012 was revised to Rs. 61.37 million as against Rs. 39.29 million conceded in the return as a consequence of rectification u/s 221 of the Income Tax Ordinance, 2001. The Company filed an appeal before Commissioner Inland Revenue (CIR). The CIR passed an order in May 2016, of which appeal effect was given in September 2016 thereby revising the tax liability to Rs. 58.91 million. In June 2016, the Company filed second appeal before Appellate Tribunal Inland Revenue which is pending adjudication. Management believes that a favorable decision shall be passed by the Tribunal. The Company's tax advisor concurs with management's representation.

12.1.4 The Company has received a Show Cause Notice of demand of Rs. 14.916 million dated 12 April 2018 from Additional Commissioner Enforcement - III PRA through which it was alleged that the Company has not withheld and deposited sales tax from payments made to service providers. The notice has been challenged by the Company in Lahore High Court Lahore on the grounds that as services were received in the jurisdiction of province of Sindh, therefore sales tax was duly withheld and paid to Sindh Revenue Board. The Honorable High Court has granted interim relief to the Company with the directions that no proceedings shall be undertaken till the date of next hearing. Management is confident of a favorable decision of the matter. The Company's legal counsel concurs with management's representation.

12.1.5 During the year, income tax assessment for the tax year 2014 dated 26 September 2017 has been amended wherein tax including amount payable to Workers' Welfare Fund is determined to be Rs. 72.97 million as against Rs. 35.81 million conceded in Income Tax Return of that tax year. Demand was later on reduced to Rs. 44.66 million on account of paid/adjusted taxes. An appeal dated 19 October 2017 has been filed with Commissioner Appeals and is pending adjudication. Management believes that a favorable decision shall be passed by the Commissioner Appeals. The Company's tax advisor concurs with management's representation.

12.1.6 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$). 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.

12.2 Commitments

12.2.1 Aggregate amount of bank guarantees issued by different banks on behalf of the company outstanding as at 30 June 2019 amounted to Rs. 80.14 million (2018: Rs. 67.44 million).

	2019 Rupees	2018 Rupees
12.2.2 In respect of:		
a) letters of credit for:		
- raw material	-	118,109,534
- stores and spares	**72,910**	-
	72,910	118,109,534

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13 Property, plant and equipment

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	*13.1*	566,754,148	602,375,249
Capital work in progress		19,846	-
		566,773,994	602,375,249

13.1 Operating fixed assets

2019

	Cost: As at 01 July 2018	Cost: Additions during the year	Cost: Disposals during the year	Cost: As at 30 June 2019	Rate	Accumulated Depreciation: As at 01 July 2018	Accumulated Depreciation: Charge for the year	Accumulated Depreciation: Disposals during the year	Accumulated Depreciation: As at 30 June 2019	Net book value as at 30 June 2019
	Rupees				%	Rupees				
Owned										
Freehold land	1,609,826	-	-	1,609,826	-	-	-	-	-	1,609,826
Buildings on freehold land	212,697,001	3,553,217	-	216,250,218	5	114,297,450	4,934,520	-	119,231,970	97,018,248
Plant and machinery	1,394,446,224	13,601,710	-	1,408,047,934	10	932,748,997	46,476,854	-	979,225,851	428,822,083
Electric installations	96,552,447	614,460	-	97,166,907	10	73,447,796	2,348,633	-	75,796,429	21,370,478
Tools and equipment	7,825,595	441,643	-	8,267,238	10	6,187,601	208,516	-	6,396,117	1,871,121
Furniture and fittings	5,732,007	16,200	-	5,748,207	10	3,765,503	197,929	-	3,963,432	1,784,775
Office equipment	18,642,450	500,380	-	19,142,830	10	11,542,436	740,797	-	12,283,233	6,859,597
Vehicles	24,430,406	2,802,500	(3,189,357)	24,043,549	20	17,570,924	1,792,943	(2,738,338)	16,625,529	7,418,020
2019	1,761,935,956	21,530,110	(3,189,357)	1,780,276,709		1,159,560,707	56,700,192	(2,738,338)	1,213,522,561	566,754,148

2018

	Cost: As at 01 July 2017	Cost: Additions during the year	Cost: Disposals during the year	Cost: As at 30 June 2018	Rate	Accumulated Depreciation: As at 01 July 2017	Accumulated Depreciation: Charge for the year	Accumulated Depreciation: Disposals during the year	Accumulated Depreciation: As at 30 June 2018	Net book value as at 30 June 2018
	Rupees				%	Rupees				
Owned										
Freehold land	1,609,826	-	-	1,609,826	-	-	-	-	-	1,609,826
Buildings on freehold land	212,697,001	-	-	212,697,001	5	109,118,803	5,178,647	-	114,297,450	98,399,551
Plant and machinery	1,394,367,055	13,102,382	(13,023,213)	1,394,446,224	10	893,000,074	50,910,696	(11,161,773)	932,748,997	461,697,227
Electric installations	96,200,308	352,139	-	96,552,447	10	70,905,742	2,542,054	-	73,447,796	23,104,651
Tools and equipment	6,746,240	1,079,355	-	7,825,595	10	6,107,947	79,654	-	6,187,601	1,637,994
Furniture and fittings	5,256,797	475,210	-	5,732,007	10	3,568,419	197,084	-	3,765,503	1,966,504
Office equipment	18,241,719	400,731	-	18,642,450	10	10,793,847	748,589	-	11,542,436	7,100,014
Vehicles	25,041,842	709,970	(1,321,406)	24,430,406	20	16,984,623	1,710,478	(1,124,177)	17,570,924	6,859,482
	1,760,160,788	16,119,787	(14,344,619)	1,761,935,956		1,110,479,455	61,367,202	(12,285,950)	1,159,560,707	602,375,249
2018	1,760,160,788	16,119,787	(14,344,619)	1,761,935,956		1,110,479,455	61,367,202	(12,285,950)	1,159,560,707	602,375,249

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

	Note	2019 Rupees	2018 Rupees
Cost of sales	*23*	55,849,689	60,446,694
Administrative expenses	*24*	850,503	920,508
		56,700,192	61,367,202

	Note	2019 Rupees	2018 Rupees
14 Intangibles			
Computer Software:			
Cost		**8,964,909**	8,964,909
Less: Accumulated amortisation	*14.1*	**(8,964,909)**	(8,342,914)
		-	621,995
Amortization rate		**20%**	20%

14.1 Accumulated amortisation

	Note	2019	2018
At beginning of the year		**8,342,914**	6,549,932
Amortisation for the year	*24*	**621,995**	1,792,982
At end of the year		**8,964,909**	8,342,914

15 Long term deposits

These mainly include security deposits with Water and Power Development Authority and Sui Northern Gas Pipelines Limited.

	Note	2019 Rupees	2018 Rupees
16 Long term investments			
Subsidiary Company, at cost			
Al Nasr Textiles Limited - unquoted 33,119,000 (2018: 33,119,000) ordinary shares of Rs. 10 each Equity held 96.84% (2018: 96.84%)		**331,190,000**	331,190,000
17 Stores, spare parts and loose tools			
Stores		**16,145,238**	16,822,261
Spare parts and loose tools		**10,828,545**	9,181,854
		26,973,783	26,004,115
18 Stock in trade			
Raw material	*18.1*	**779,582,353**	434,253,870
Packing material		**11,166,556**	11,429,220
Work in process		**34,768,568**	25,239,883
Finished goods		**232,283,939**	138,999,038
Stock in transit		**4,137,143**	89,554,365
		1,061,938,559	699,476,376

18.1 Raw materials amounting to Rs. 675.95 million (2018: Rs. 384.71 million) are pledged with lenders as security against short term borrowings.

	Note	2019 Rupees	2018 Rupees
19 Trade debts - unsecured			
Local debtors - *unsecured, considered good*		**317,413,951**	191,540,824
Considered doubtful		**1,654,017**	1,286,788
		319,067,968	192,827,612
Allowance for expected credit loss		**(1,654,017)**	(1,286,788)
		317,413,951	191,540,824

19.1 The movement is as follows:

	Note	2019 Rupees	2018 Rupees
Balance at 01 July		**1,286,788**	1,157,301
Charge during the year	*24*	**367,229**	129,487
Balance at 30 June		**1,654,017**	1,286,788

	Note	2019 Rupees	2018 Rupees
20 Advances, deposits and prepayments			
Advances to employees - *unsecured considered good*		**4,188,218**	4,047,368
Advances to suppliers - *unsecured considered good*			
- local		**2,829,358**	4,429,331
- foreign		**-**	7,006,428
Security deposits		**2,189,309**	716,829
Advance against letters of credit		**150,158**	1,979,310
Margin on bank guarantees and letter of credit		**37,672,190**	30,412,490
Prepayments		**2,542,948**	6,821,714
Sales tax receivable		**114,991,703**	96,116,628
		164,563,884	151,530,098

	Note	2019 Rupees	2018 Rupees
21 Cash and bank balances			
Cash in hand		**90,208**	133,247
Cash at bank:			
- Current accounts		**44,503,096**	94,130,455
- Saving accounts	*21.1*	**440**	418
		44,593,744	94,264,120

21.1 These carry mark-up at the rate of 2.60% (2018: 3.75%) per annum.

	Note	2019 Rupees	2018 Rupees
22 Sales - Net			
Sales		**4,572,090,948**	3,872,363,585
Less: Sales Tax		**(1,088,873)**	(410,940)
	22.1	**4,571,002,075**	3,871,952,645

22.1 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			
Cotton yarn		1,592,691,984	1,381,060,773
Cotton polyster yarn		2,815,529,836	2,334,042,311
PVC yarn		17,603,250	29,996,700
Waste sale		145,177,005	126,852,861
		4,571,002,075	3,871,952,645

23 Cost of sales

	Note	2019 Rupees	2018 Rupees
Raw material consumed		3,181,561,730	2,475,235,824
Salaries, wages and other benefits		310,407,076	301,265,345
Power and fuel		419,693,689	466,264,577
Stores and spares consumed		83,376,394	64,272,967
Packing material consumed		57,057,003	59,053,188
Repairs and maintenance		42,261,449	43,994,145
Vehicles running and maintenance		3,898,502	3,174,216
Insurance		11,694,475	9,267,394
Staff retirement benefits		19,018,099	18,291,623
Depreciation	*13.2*	55,849,689	60,446,694
Other expenses		13,932,464	13,172,482
		4,198,750,570	3,514,438,455
Work in process			
At beginning of the year		25,239,883	22,208,716
At end of the year		(34,768,568)	(25,239,883)
		(9,528,685)	(3,031,167)
Cost of goods manufactured		4,189,221,885	3,511,407,288
Finished goods			
At beginning of the year		138,999,038	171,805,228
At end of the year		(232,283,939)	(138,999,038)
		(93,284,901)	32,806,190
Other cost of sales comprising freight expenses on sale		14,953,450	15,473,300
		4,110,890,434	3,559,686,778

24 Administrative expenses

	Note	2019 Rupees	2018 Rupees
Salaries and other benefits		**22,783,533**	27,541,740
Traveling expenses		**41,262**	1,323,031
Telephone, postage and telegrams		**1,831,956**	2,118,166
Rent, rates and taxes		**2,258,820**	1,905,195
Power and fuel		**1,058,457**	862,038
Printing and stationery		**418,241**	400,079
Entertainment		**596,213**	675,844
Insurance		**571,068**	132,451
Advertisement expenses		**-**	29,222
Repairs and maintenance		**2,036,970**	1,460,361
Legal and professional charges		**1,146,819**	1,350,000
Auditors' remuneration	*24.1*	**450,000**	325,000
Vehicle running and maintenance		**2,575,551**	2,647,371
Charity and donations	*24.2*	**855,000**	95,000
Subscription fees		**1,252,935**	1,011,511
Staff retirement benefits		**1,311,056**	1,260,979
Allowance for expected credit loss	*19.1*	**367,229**	129,487
Depreciation	*13.2*	**850,503**	920,508
Amortisation of intangibles	*14.1*	**621,995**	1,792,982
Other expenses		**2,576,020**	2,449,445
		43,603,628	48,430,410

24.1 Auditors' remuneration

	2019	2018
Audit fee	**400,000**	275,000
Out of pocket expenses	**50,000**	50,000
	450,000	325,000

24.2 This includes an amount of Rs. 830,000 (2018: Rs. 50,000) paid to Chaudhary Nasurullah Family Trust. Mr. Tariq Mehmood (CEO), Mr. Javed Nasrullah (director) and Mr. Raza Nasrullah (director) are on the board of trustees of Chaudry Nasarullah Family Trust.

25 Distribution cost

	Note	2019 Rupees	2018 Rupees
Commission on yarn sales - local		**40,932,434**	33,609,443
Salaries and other benefits		**5,117,258**	3,456,824
Loading and other expenses		**3,247,419**	3,574,824
		49,297,111	40,641,091

26 Other expenses

	Note	2019	2018
Workers' Profit Participation Fund	*9.3*	**10,916,255**	7,347,442
Workers' Welfare Fund	*9.4*	**4,418,673**	3,240,038
Advances written off		**186,339**	-
Loss on disposal of property, plant and equipment		**-**	362,948
		15,521,267	10,950,428

27	Other income	Note	2019 Rupees	2018 Rupees
	From financial assets			
	Profit on bank deposits		40	1,781
	From non-financial assets			
	Income on sale of scrap		284,672	259,647
	Gain on disposal of property, plant and equipment		694,815	-
	Quality claim		287,784	145,175
			1,267,271	404,822
			1,267,311	406,603

28	Finance cost			
	Interest and mark-up on:			
	- Long term financing - *secured*		4,686,641	7,684,424
	- Short term borrowings - *secured*		134,594,899	60,953,826
	Commission and other charges on letter of credit		8,958,747	6,513,638
	Commission on bank guarantees		658,971	517,715
	Interest on Workers' Profit Participation Fund	*9.3*	614,971	221,066
	Bank charges		452,544	398,513
			149,966,773	76,289,182

29	Taxation		
	Current		
	- For the year	60,642,354	47,147,188
	- Prior years	1,255,466	(572,082)
		61,897,820	46,575,106
	Deferred tax	5,883,405	(8,663,804)
		67,781,225	37,911,302

29.1 Tax charge reconciliation

Numerical reconciliation between tax expense and Profit before taxation	202,990,173	136,361,359
Applicable tax rate as per Income Tax Ordinance, 2001	29%	30%
Tax on accounting profit	58,867,150	40,908,408
- tax rate adjustments	11,610,446	(108,949)
- prior year adjustments in current tax	1,255,466	(572,082)
- tax credits	(3,764,781)	(1,453,388)
- others	(187,056)	(862,687)
	8,914,075	(2,997,106)
	67,781,225	37,911,302

30 Related party transactions and balances

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

	Percentage of Holding	Relationship	Nature of transactions	Note	2019 Rupees	2018 Rupees
With subsidiary company						
Al Nasr Textiles Limited	96.84%	Subsidiary Company	Reimbursements of expenses		**2,593,490**	2,380,477
			Purchase of raw material		**-**	76,176,194
			Long term investments		**331,190,000**	331,190,000
			Receipt during the year		**15,000,000**	-
			Advance against sale of raw material-unsecured		**-**	15,000,000
Unigohar Homes (Private) Limited		Other related party	Rent expense		**1,800,000**	1,800,000
Chaudary Nasrullah Family Trust		Other related party	Donations		**830,000**	50,000
Nasr Garments Limited		Other related party	Receivable against sale of goods		**18,832,000**	18,832,000
Key Management Personnel						
Tariq Mehmood		Director	Remuneration	33	**3,398,560**	3,387,716
			Dividend paid		**9,269,033**	5,149,463
Arshad Mehmood		Key management personnel	Remuneration	33	**2,330,124**	2,181,798
Umar Draz Gill		Key management personnel	Remuneration	33	**4,728,018**	2,404,977
Adeel Mehmood		Key management personnel	Remuneration		**2,228,333**	955,000

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.

31 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.

31.1 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

31.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2019 Rupees	2018 Rupees
Trade debts - unsecured	317,413,951	191,540,824
Deposits and other receivables	12,501,075	11,085,231
Margin account with a banking company	37,672,190	30,412,490
Bank balances	44,503,536	94,130,873
	412,090,752	327,169,418

31.1.2 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	317,413,951	191,540,824
Banking companies and financial institutions	82,175,726	124,543,363
Others	12,501,075	11,085,231
	412,090,752	327,169,418

31.1.3 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.

31.1.3(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 Short term	Rating Long term	Rating Agency	2019 Rupees	2018 Rupees
Bank balances					
National Bank of Pakistan	A1+	AAA	PACRA	773,312	886,644
Faysal Bank Limited	A1+	AA	PACRA	33,802,961	30,595,551
Bank Alfalah Limited	A1+	AA+	PACRA	3,539,974	-
Habib Bank Limited	A-1+	AAA	JCR-VIS	10,360,026	11,357,838
Bank Alfalah Limited Islamic Banking	A1+	AA+	PACRA	-	97,047
MCB Bank Limited	A1+	AAA	PACRA	2,558,146	719,452
Bank Al Habib Limited	A1+	AA+	PACRA	14,560,691	46,633,419
Meezan Bank Limited	A-1+	AA	JCR-VIS	16,558,794	34,231,555
Askari Bank Limited	A1+	AA+	PACRA	21,822	21,857
				82,175,726	124,543,363

31.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to 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	240,335,926	139,633,229
Past due 31-180 days	57,894,057	28,227,815
Past due 181-365 days	213,545	917,780
Past due 366 & above	18,970,423	22,762,000
	317,413,951	191,540,824

As at year end, trade debts include Rs. 18.832 million receivable from Nasr Garments (2018: Rs. 18.832 million).

31.2 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.

31.2.1 Exposure to liquidity risk

31.2.1(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	43,136,533	49,418,206	21,711,035	27,707,171	-
Trade and other payables	249,377,518	249,377,518	249,377,518	-	-
Accrued mark-up	21,495,556	21,495,556	21,495,556	-	-
Short term borrowings - secured	783,090,433	783,090,433	783,090,433	-	-
	1,097,100,040	1,103,381,713	1,075,674,542	27,707,171	-

	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	82,488,416	146,453,728	55,154,330	89,676,560	1,622,838
Trade and other payables	199,545,412	199,545,412	199,545,412	-	-
Accrued mark-up	10,795,826	10,795,826	10,795,826	-	-
Short term borrowings - secured	447,713,896	447,713,896	447,713,896	-	-
	740,543,550	804,508,862	713,209,464	89,676,560	1,622,838

31.3 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.

31.3.1 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.

31.3.2 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
	Rupees	Rupees
Variable rate Instruments		
Financial liabilities:		
Long term financing - secured	43,136,533	82,488,416
Short term borrowings - secured	783,090,433	447,713,896
	826,226,966	530,202,312
Financial assets:		
Saving bank accounts	(440)	(418)
	826,226,526	530,201,894

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 (decreased) / increased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

	Profit and loss 100 bps	
	Increase Rupees	Decrease Rupees
As at 30 June 2019		
Cash flow sensitivity-Variable rate financial liabilities	(8,262,265)	8,262,265
As at 30 June 2018		
Cash flow sensitivity-Variable rate financial liabilities	(5,302,019)	5,302,019

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

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's significant borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

31.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

31.4 Financial instruments-fair values

31.4.1 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					
30 June 2019							
Financial assets measured at fair value		-	-	-	-	-	-
		-	-	-	-	-	-
Financial assets not measured at fair value							
Cash and bank balances		44,593,744	-	44,593,744	-	-	-
Deposits and other receivables		12,501,075	-	12,501,075	-	-	-
Margin account with a banking company		37,672,190	-	37,672,190	-	-	-
Trade debts - unsecured		317,413,951	-	317,413,951	-	-	-
	31.4.2	412,180,960	-	412,180,960	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-
		-	-	-	-	-	-
Financial liabilities not measured at fair value							
Long term financing - secured		-	43,136,533	43,136,533	-	-	-
Trade and other payables		-	249,377,518	249,377,518	-	-	-
Short term borrowings		-	783,090,433	783,090,433	-	-	-
Accrued mark-up		-	21,495,556	21,495,556	-	-	-
	31.4.2	-	1,097,100,040	1,097,100,040	-	-	-

		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		94,264,120	-	94,264,120	-	-	-
Deposits and other receivables		11,085,231	-	11,085,231	-	-	-
Margin account with a banking company		30,412,490		30,412,490	-	-	-
Trade debts - unsecured, considered good		191,540,824	-	191,540,824	-	-	-
	31.4.2	327,302,665	-	327,302,665	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-
		-	-	-	-	-	-
Financial liabilities not measured at fair value							
Long term financing - secured		-	82,488,416	82,488,416	-	-	-
Trade and other payables		-	199,545,412	199,545,412	-	-	-
Short term borrowings - *secured*		-	447,713,896	447,713,896	-	-	-
Accrued mark-up		-	10,795,826	10,795,826	-	-	-
	31.4.2	-	740,543,550	740,543,550	-	-	-

31.4.2 Fair value versus carrying amounts

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.

31.5 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.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

32 Reconciliation of movements of liabilities to cash flows arising from financing activities

	30 June 2019			
	Liabilities			
	Long term finances	Short term borrowings	Dividend payable	Total
	Rupees			
Balance as at 01 July 2018	82,488,416	413,354,643	-	495,843,059
Changes from financing activities				
Repayment of long term finances - secured	(39,351,883)	-	-	(39,351,883)
Receipts from short term borrowings-net of payments	-	339,647,216	-	339,647,216
Dividend paid	-	-	(84,375,000)	(84,375,000)
Total changes from financing cash flows	**(39,351,883)**	**339,647,216**	**(84,375,000)**	**215,920,333**
Other changes				
Dividend declared	-	-	84,375,000	84,375,000
Total liability related other changes	-	-	**84,375,000**	**84,375,000**
Closing as at 30 June 2019	**43,136,533**	**753,001,859**	-	**796,138,392**

	30 June 2018			
	Liabilities			
	Long term finances	Short term borrowings	Dividend payable	Total
	Rupees			
Balance as at 01 July 2017	131,007,665	199,729,342	-	330,737,007
Changes from financing activities				
Repayment of long term finances - secured	(48,519,249)	-	-	(48,519,249)
Receipts from short term borrowings-net of payments	-	213,625,301	-	213,625,301
Dividend paid	-	-	(46,875,000)	(46,875,000)
Total changes from financing cash flows	(48,519,249)	213,625,301	(46,875,000)	118,231,052
Other changes				
Dividend declared	-	-	46,875,000	46,875,000
Total liability related other changes	-	-	46,875,000	46,875,000
Closing as at 30 June 2018	82,488,416	413,354,643	-	495,843,059

33 Remuneration of key management personnel

The aggregate amounts charged in the unconsolidated financial statements for the remuneration, including all benefits, to the Chief Executive, Non Executive Director and executives of the Company were as follows:

	Chief Executive	
	2019	2018
	Rupees	
Managerial remuneration	1,680,000	1,680,000
Leave encashment	150,000	150,000
Utilities	1,357,117	1,017,916
Medical expenses	211,443	539,800
	3,398,560	3,387,716
Number of persons	1	1

	Non Executive Director		Executives	
	2019	2018	2019	2018
	Rupees			
Managerial remuneration	-	-	7,896,000	3,752,000
Retirement benefits	-	-	517,000	245,667
Leave encashment	-	-	233,333	228,334
Utilities	-	-	564,000	268,000
Medical expenses	-	-	76,142	92,775
	-	-	9,286,475	4,586,776
Number of persons	2	2	3	2

The Chief Executive and certain executives are provided with free use of Company's maintained cars and mobile phones.

33.1 The Company has employed following number of persons:

	2019	2018
	(Number of persons)	
Number of employees as at 30 June	1,245	1,239
Average number of employees during the year	1,240	1,237

34 Plant capacity and actual production

	Unit	2019	2018
Spinning			
Number of spindles installed	*No.*	42,240	42,240
Plant capacity on the basis of utilization converted into 20s count	*Kgs*	17,046,180	17,046,180
Actual production converted into 20s count	*Kgs*	18,266,757	18,244,314

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.

35 Date of authorization for issue

18 NOV 2019

These unconsolidated financial statements were authorized for issue on ________________ by the Directors of the Company.

Lahore	Chief Executive	Director

Name of Company PAK KUWAIT TEXTILES LTD.

Pattern of Holdings of the Shares held by the Shareholders of PAK KUWAIT TEXTILES LTD.

as at 30 th June , 2019

No. of shareholders	Shareholding From	To	Total Shares held
7	1, 000,001	2,000,000	12,027,962
2	2,000,001	3,000,000	4,500,002
2	3,000, 001	4,000,000	6,632, 258
2	4,000,001	5,000,000	8,476,456
1	5,000, 001	6,000,000	5,863,322
14		TOTAL-	37,500,000

Categories of Shareholder	No of Shareholders	Shares Held	Percentage
Individuals	14	37,500,000	100 %
TOTAL	14	37,500,000	100 %

Pak Kuwait 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