



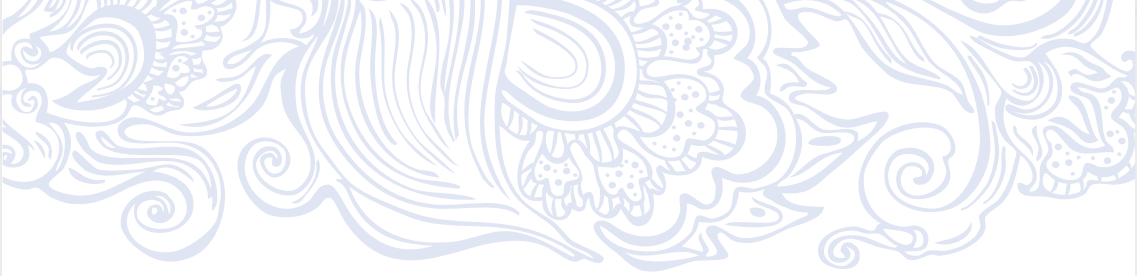
# ANNUAL REPORT 2018

***The National Silk & Rayon Mills Ltd.***

Manufacturer & Exporter of Quality Textile Products

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# Mission Statement

*We Shall provide unparalleled service and best value to our customers through dedicated, responsive and cost effective supply chain.*

*We are to provide quality products by strict adherence to international standards and best practices through collaboration with leading global companies in markets we serve.*

*We shall strive to maximize our shareholders value through sustained profitable growth.*

*We shall enhance existing employee productivity, hire, retain and develop best talent and provide them a competitive environment to excel and grow.*

*We will aggressively focus on increasing our market penetration by exploring new channels.*

*We shall continue to set new trends through innovative marketing and manufacturing.*



# Company Information

## Board of Directors

Sh. Faisal Tauheed (Executive Director)  
Sh. Kashif Tauheed -do-  
Mrs. Samira Faisal Non Executive Director  
Mrs. Tahira Kashif -do-  
Mrs. Sadia Kamran -do-  
Mrs. Amna Kamran Non Executive Director/Chairman  
Mr. Shehzad Ehsan Independent Director

## Board Audit Committee

Mr. Shehzad Ehsan (Chairman)  
Mrs. Amna Kamran  
Mrs. Sadia Kamran

## Board Human Resource and Remuneration Committee

Mr. Shehzad Ehsan (Chairman)  
Mrs. Amna Kamran  
Mrs. Sadia Kamran

## Management Team

Sh. Faisal Tauheed Puri (Chief Executive)  
Muhammad Islam Haider (Chief Financial Officer)  
Imran Zafar (Company Secretary)  
Qaiser Ali Faheem (Internal Auditor)

## Auditors

Amin Mudassar and Company  
Chartered Accountants

## Bankers

National Bank of Pakistan  
The Bank of Punjab  
Bank Alfalah Limited  
Habib Metropolitan Bank Limited  
Askari Bank Limited  
Bank Al-Habib Limited  
MCB Limited  
Meezan Bank Limited

## Registered Office

4th Floor, I.E.P. Building,  
97-B/D-1, Gulberg III, Lahore.

## Factory

Dhuddiwala, Jaranwala Road, Faisalabad.

## Share Registrar

Corplink (pvt.) Ltd.  
Share Registrar & Corporate Consultants  
Wings Arcade, 1-K Commercial, Model Town, Lahore.  
Tel: 035916714, 35916719, 035839182 Fax: 92-42-35869037

## Legal Advisor

Sahibzada Muhammad Arif  
Advocate High Court,  
Chamber No.52, District Courts,  
Faisalabad.



# Notice of 68<sup>th</sup> Annual General Meeting

Notice is hereby given that the Sixty eighth Annual General Meeting of the Shareholders of The National Silk & Rayon Mills Limited will be held at Blessing Banquet Hall, 9-Civic Centre, Johar Town, LDA Office, Lahore on 27<sup>th</sup> day of October 2018 at 4.00 p.m. to transact the following business:

## ORDINARY BUSINESS:

1. To read and confirm minutes of the Sixty Seventh Annual General Meeting of the shareholders of the Company held on October 28, 2017.
2. To receive, consider and adopt the annual audited financial statements of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' Report thereon.
3. To appoint auditors for the year ending June 30, 2019 and fix their remuneration. The present auditors M/s Amin Mudassar & Co., Chartered Accountants, retire and offer themselves for re-appointment.

## SPECIAL BUSINESS:

4. To obtain consent of the shareholders in terms of S.R.O.470(1)/2016 dated May 31, 2016 issued by the Securities and Exchange Commission of Pakistan, for the transmission of the annual audited accounts, notices of general meetings and other information contained therein of the Company wither through CD or DVD and to pass the following resolution with or without modification :

Resolved that consent and approval of the members of the National Silk and Rayon Mills Limited be and is hereby accorded for transmission of annual audited accounts, notices of general meeting and other information obtained therein of the Company to the members for future years commencing from the year ended June 30, 2019 through CD or DVD instead of transmitting the same in hard copies.

By order of the Board

Place: Lahore  
Dated: October 06, 2018

(**IMRAN ZAFAR**)  
Company Secretary

## NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2018 to October 26, 2018 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her.
3. The financial statements for the year ended June 30, 2018 shall be uploaded on Company's website on or before October 06, 2018.
4. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a materially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.
5. Members are requested to submit declaration for zakat on the required format and to advise change in address, if any.
5. Members are requested to send copies of their computerized National Identity Cards to the company's independent Share Registrar M/s. CORPLING (PVT) LIMITED, Wings Arcade, 1-K, Commercial, Model Town, Lahore.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No.1, of 2000 dated 26<sup>th</sup> January 2000 issued by the Securities and Exchange Commission of Pakistan.

### A. For Attending the Meeting

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulation, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the meeting.

- b. In case of Corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

#### **B. For appointing Proxies**

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, address and CNIC number shall be mentioned on the form
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the meeting.
- e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with the proxy form to the company.

#### **Consent for Video Conference Facility:**

Pursuant to SECP Circular No.10 of 2014 dated May 21, 2014, if company receives consent from members holding aggregate 10% or more shareholding residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

In order to vote through e-voting and avail video conference facility, please fill the requisite form and submit to Company within time frame mentioned in form.

PURSUANT TO Notification vide SRO 787 (1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statement and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statement and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on standard request form which is available at the Company website i.e. [www.nationalsilk.com](http://www.nationalsilk.com). Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.

#### **STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017**

This statement is annexed to the notice of the Sixty eighth Annual General Meeting of the shareholders of The National Silk and Rayon Mills Limited to be held on 27<sup>th</sup> October 2018 and sets out the material facts concerning the following Special Business to be transacted at the Meeting for approval of shareholders.

#### **Circulation of Annual Report through CD/DVD.**

The Securities and Exchange Commission of Pakistan (SECP) vide SRO No.470(1)/2016 dated May 31, 2016 has allowed listed companies to circulate their Annual Audited Accounts (i.e. the annual balance sheet and profit and loss account, auditor's report and director's report) to its members through CD/DVD at their registered addresses instead of sending them in hard copies, subject to approval obtained from shareholders in General Meeting. Accordingly, approval is hereby sought from members of the Company to comply with the requirements of said SRO vide an ordinary resolution.

Subject to the approval of resolution in the AGM, the company will circulate its annual accounts in future through DV/DVD. However members will have the right to request hard copies free of cost at their registered addresses after submitting the Standard Request Form which shall be made available on Company's website. While members who wish to receive hard copies for all future annual audited accounts shall also require to give their preference in writing.

The Directors of the Company have no direct or indirect interest in this agenda.

# Chairmans' Review Report

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of The National Silk and Rayon Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2018, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of the Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

On behalf of the Board of Directors, I would like to express my special gratitude to all the shareholders for their continued support and encouragement. I would also like to place on record the appreciation for the commendable services rendered by the employees of the Company. I also acknowledge the dedication and commitment of my fellow directors during this year and thank our CEO and his Team for their concerted efforts, focused approach and professional commitment.



Amna Kamran  
Chairman

LAHORE: October 06, 2018

# Directors' Report

The Directors of your Company are pleased to present the 68<sup>th</sup> Annual Report of the Company along with audited financial statements and auditors' report thereon for the year ended 30<sup>th</sup> June 2018.

The financial performance of your Company during the year ended June 30, 2018 is as follow:

Operating Results:	2018	2017	Percentage
-----R u p e e s-----			
Sales	857.47	821.57	4.37%
Gross profit	77.75	67.25	15.62%
Operating profit	40.10	38.31	4.68%
Profit before tax	36.26	33.86	7.09%
Profit after tax	40.94	16.37	150%
Earning per share	2.63	1.05	150%

During the financial year ended June 30, 2018, the net sale of the company increased to Rupees 857.47 million as compared to Rupees 821.57 million for the last year. Gross profit has increased to Rupees 77.75 million showing and increase of 15.62%. Operating profit has increased to 40.10 million showing the increase 4.68%. Profit before tax increased to 36.26 showing increase of 7.09% and Profit after tax has increased to 40.94 million showing an increase of 150%.

## Future Outlook and Challenges:

The company anticipates that the changing economic and political environment in the country will cause further increase in commodity prices and devaluation of the rupee. Subsequent to the year end, the rupee has further devalued by 6.22%. The pressure on margins will further increase due to imposition of duties and levies.

However, we are confident about the future prospects of your Company as the demand of cloth processing has been resilient and is expected to increase further in the years to come. We are also working internally to become more efficient by becoming more cost effective, focusing on energy conservation and expenditure reduction techniques.

## Dividend:

The Board of Director's have not recommended dividend for the year ended June 30, 2018.

## Debt Obligation:

By the grace of Almighty Allah, despite so many challenges, the Company contains to meet its financial commitments and debt obligation on time.

## Contribution to National Exchequer:

Being a responsible citizen, your company made a contribution of Rs.25.250 million to National Exchequer in form of income tax, sales tax, custom duties and excise as compare to Rs.24.100 million during the last year.

## Human Resource Management and Employee Relationship:

We strongly believe that our people are our most valuable and essential assets. The Company's policy to retain its people is the best and unmatched. To continue our legacy of being unparalleled leaders, we put efforts to inspire top talent at all levels & aspire to be a destination of choice. The Company strives to develop its existing employees by keeping them motivated and engaged. Our HR department uses various tools to identify high potential employees and arranges various trainings to further groom them. With the enthusiastic team of high caliber professionals, the management is confident to get the business flourished more within the local as well as international markets. We continue to have a strong focus on structured development of our processes to fulfill our business needs through clearly defined authority matrices, policies procedures and systems.

Reward and recognition will continue to be tied to transparent performance management systems and procedures.

The purpose of employee engagement and welfare activities is to keep employees engaged and motivated. These activities also serve to inspire and develop our people. The Company has permanent welfare strategy for its employees. During the year three persons were selected through random balloting and sent to perform Holy Hajj at the expense of the Company. Medical facilities for workers and first aid are also provided to the employees. There is a Mosque at plant for preying and to learn teaching of Religion. The company encourages and promotes all employees to participate in sports and various extracurricular activities. In this regard, the company arranges cricket tournaments for its employees.

### **Corporate and Social Responsibility:**

Company is fully cognizant of its responsibility towards society and welfare. The company took several initiatives to meet its Corporate Social Responsibility and continued with reasonable financial support for the welfare of its employees, their families, the local community and society at large.

### **Statutory Auditors of the company:**

The present auditors M/s. Amin Mudassar and Company Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Audit Committee of the Board has also recommended their re-appointment as Auditors of the company for the year ending June 30, 2019.

### **Staff retirement benefits**

The Company operates a funded contributory provident fund scheme for its employees and contributions based on salaries of the employees, are made to the fund on monthly basis.

### **Share Price Trend**

During the year under review minimum price of share of Rs.10/- each fell up to Rs.25.00 and rose as high as Rs.43.98 and close at Rs.26.25 as on June 30, 2018.

### **Approval of Vision, Mission, and corporate Strategy by the Board:**

Pursuant to the Listed Companies (Code of Corporate Governance) Regulation, 2017, the Board of Directors has carefully reviewed and approved the Vision, Mission and Corporate Strategy of the Company. It comprehensively states the ideology with which Company was incorporated. We ensure that our Vision and Mission set the direction for our overall corporate strategy. The entire organization is connected and driven by the purpose and it serves the decision making criterion on our day to day business.

### **Whistle Blowing Policy**

Pursuant to the Listed Companies (Code of Corporate Governance) Regulation, 2017, Company is committed to achieve high standards of integrity, ethical value and accountability. Accordingly, whistle blowing policy of the Company is approved by the Board of Directors and placed on the website of the company.

### **Compliance with the Code of Corporate Governance**

The requirements of the Code of Corporate Governance set out by Pakistan Stock Exchange in its Listing Regulations relevant for the year ended June 30, 2018 have been adopted by the company and have been duly complied with:-

### **Statement of Compliance with the best practices of Code of Corporate Governance**

The Statement of Compliance with the best practices of Code of Corporate Governance is annexed.

### **Code of Conduct**

The board has adopted the Code of Conduct. All employees are informed of this Code and are required to observe these rules of conduct in relation to customers, suppliers and regulators.

### **Relations with stakeholders**

We are committed to establish mutually beneficial relations with our suppliers, customers and business partners.

## CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the Companies Act 2017 and the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting framework:

- These financial statement, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented. The system is being continuously monitored by internal audit and through other such monitoring procedure. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring in improvement in the system.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of the corporate governance, as listed in the listing regulations.
- Key operating and financial data for the last six years in summarized form is annexed.
- Information about taxes and levies is given in the notes to the financial statements.
- The value of investments and bank balances in respect of staff retirement benefits:  
Provident Fund Rs. 7,460,935/-  
The value of investment includes accrued profit.
- There have been no material changes and commitments affecting the financial position which have occurred between the end of financial year and the date of annual report.
- The principal risks faced by the Company include tough competition, Rupee devaluation, increasing gas prices and energy costs etc.
- The Company's production has no negative impact on the environment as our plant and operations re complying with international and national environmental standards.
- There are no changes that have occurred during the financial year concerning the nature of the business of the company or any other company in which the company has interest.
- The company has no policy for fixing remuneration package for Non-Executive and Independent Directors as they are not entitled for any remuneration.
- There are no outstanding statutory payments due on account of taxes, levies and charges except as those disclosed in these financial statements.

### Board of Director's Meetings:

The Board convened 10 times during the year and attendance of the respective Directors was as under: institutions.

Directors	No. of meetings attended
Sh. Faisal Tauheed	10
Sh. Kashif Tauheed	10



Mrs. Samira Faisal	10
Mrs. Tahira Kashif	10
Mr. Shehzad Ehsan	10
Mrs. Sadia Kamran	08
Mrs. Amna Kamran	10

Leave of absence was granted to the Directors who could not attend the Board meetings.

### Board Audit Committee

An audit committee of the Board has been in existence since the enforcement of the Code of Corporate Governance. The audit committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the listing regulations and code of corporate governance.

The committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meeting by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board.

The audit committee comprises of two non-executive directors and one independent director who is also a Chairman.

During the year four (4) meetings of the audit committee were held. The attendance of each member is given hereunder:

Names	No. of meetings attended
Mr. Shehzad Ehsan	4
Mrs. Amna Kamran	4
Mrs. Sadia Kamran	4

Leave of absence was granted to the Directors who could not attend the Board meetings.

### Terms of Reference.

The terms of reference of the Audit Committee are:-

- a) Determination of appropriate measures to safeguard the Company's assets;
- b) Review of annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:
  - a) Major judgmental areas;
  - b) Significant adjustments resulting from the audit;
  - c) Going concern assumption;
  - d) Any changes in accounting policies and practices;
  - e) Compliance with applicable accounting standards;
  - f) Compliance with these regulations and other statutory and regulatory requirements; and
  - g) All related party transactions.
- c) Review the preliminary announcements of results prior to the external communication and publication;
- d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) Review of management letter issued by external auditors and management's response thereto;
- f) Ensuring coordination between the internal and external auditors of the company;
- g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;



- h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j) Review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit report;
- k) Instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
- l) Determination of compliance with relevant statutory requirement;
- m) Monitoring compliance with the these regulations and identification of significant violations thereof;
- n) Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- o) Recommend to the board of directors the appointment of external auditors, their removal, audit fee, the provision of any service permissible to the rendered to the company by the external auditors in addition t audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- p) Consideration of any other issue or matter as may be assigned by the board of directors.

#### **Human Resource and Remuneration Committee:**

In compliance with the requirements of code of corporate governance, the Board of Directors has established this committee comprising three members (including Chairman)' two of whom are non executive directors and one is independent director. Detailed terms of reference of the Committee were duly communicated to the members by the Board.

#### **Terms of Reference.**

The terms of reference of the Audit Committee are:-

- a) Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management).
- b) Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant.
- c) Recommending human resource management policies to the board;
- d) Recommending to the board the selection, evaluation, development, compensation of chief operating officer, chief financial officer, company secretary and head of internal audit;
- e) Consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to the chief executive office or chief operating officer;
- f) Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and statement shall be made by them as to whether they have any other connection with the company;

#### **Financial Statements**

As required under the listing regulations of stock exchanges the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the board of directors and the board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company. Amin Mudassar and Company, Chartered Accountants. Auditors have issued clean audit report on financial statements for the year ended 30<sup>th</sup> June 2018 and clean

review report on Statement of Code of Corporate Governance and their reports are attached with the financial statements. No material changes in contingencies and commitments, effecting the financial position of your company, have occurred between the end of the financial year to which this balance sheet relates and the date of the directors' report.

### **Related Party transaction and Transfer Pricing**

It is the policy of the company to ensure that all transactions entered with related parties must be at arm's length. The company has fully complied with the best practices of the transfer pricing as contained in the listing regulation of stock exchanges in Pakistan.

### **Directors' Training Programs:**

Two directors of the Company Sh. Faisal Tauheed and Sh. Kashif Tauheed has already acquired the certification under Director Training Program from Institute of Chartered Accountants of Pakistan. Three directors of the Company Mr. Shehzad Ehsan, Mrs. Samira Faisal and Mrs. Tahira Kashif acquired the certification from Institute of Cost and Management Accountants during the year June 30, 2018.

### **Pattern of Shareholding:**

The pattern of shareholding in the prescribed form is annexed which also includes the information required under Code of Corporate Governance.

### **Trading by Directors etc:**

Share traded by directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children during the year as under:-

Names	No. of Shares Purchased	No. of Shares Sold
Sh. Faisal Tauheed	-	2,500
Mrs. Sadia Kamran	144,573	-
Mr. Shehzad Ehsan	2,500	-
Sh. Mohammad Kashif	191,627	-

### **Appreciation**

We would like to thank all of our staff members for the way they have responded to challenges of the year. Their hard work and commitment is greatly appreciated and is reflected in these results.

We are also thankful for the encouragement and support which we received from our suppliers, shareholders, bankers and financial institutions.

On behalf of the Board



**Sh. Faisal Tauheed Puri**  
Chief Executive



**Sh. Kashif Tauheed**  
Director

LAHORE: October 06, 2018

# Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulation, 2017

For the year ended June 30, 2018

The company has complied with the requirements of the Regulation in the following manners:-

1. The total number of directors are seven as per the following:

- |           |   |
|-----------|---|
| a. Male   | 3 |
| b. Female | 4 |

2. The Composition of Board is as follows:

<b>Independent Director</b>	Mr. Shehzad Ehsan
<b>Other non-executive directors</b>	Mrs. Samira Faisal
	Mrs. Tahira Kashif
	Mrs. Amna Kamran
	Mrs. Sadia Kamran
<b>Executive Directors</b>	Sh. Faisal Tauheed
	Sh. Kashif Tauheed

The independent directors meet the criteria of independence under clause I (b) of the CCG.

- The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
- The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these regulations.
- The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- The board of directors has formal policy and transparent procedures for remuneration of director in accordance with the Act and these Regulations.
- The board arranged orientation course for its directors as and when needed to apprise them of their duties and responsibilities. Five directors undertook the Directors training program and obtained the certificate of Participants by institute of Chartered Accountants of Pakistan and institute of Cost and Management Accounts.
- CFO and CEO duly endorsed the financial statements before approval of the board.
- No new appointments of CFO, Company Secretary and head of internal Audit were made during the year. Head of Internal Audit possess the requisite qualification and experience. However, the company has forwarded a request to the Commission to accord the approval of continuation of CFO appointed prior to application of these Regulations as the existing CFO does not has academic qualification as prescribed in the regulations. The board has, however, ratified their appointments including their remuneration and terms and conditions of employment.

12. The board has formed committees comprising of members given below:

<b>Audit Committee</b>	Mr. Shehzad Ehsan - Chairman
	Mrs. Amna Kamran- Member
	Mrs. Sadia Kamran - Member

Mr. Shehzad Ehsan has graduate degree in commerce and has ample financial experience.

<b>HR and Remuneration Committee</b>	Mr. Shehzad Ehsan - Chairman
	Mrs. Amna Kamran- Member
	Mrs. Sadia Kamran – Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

<b>Audit Committee</b>	4 quarterly meetings
<b>HR and Remuneration Committee</b>	1 annual meeting.

15. The board has set up an effective internal audit function which was duly reviewed and ratified by the Audit Committee and approved by the Board of Directors of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board



**Sh. Faisal Tauheed Puri**  
Chief Executive Officer

Lahore: October 06, 2018

# Review Report

**to the Members on the Statement of Compliance contained in Listed Companies  
(Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **The National Silk & Rayon Mills Limited** for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instance of non-compliance with the requirements of the Regulations was observed which is not stated in Statement of Compliance:

I- No member of the audit committee qualifies as "financially literate".

Based on our review, except for the above instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Further, we highlight that the company has forwarded request to the Commission subsequent to the year end for waiver of academic conditions for CFO prescribed in the Regulations as discussed in paragraph 11 of the Statement of Compliance.

Lahore:  
October 06, 2018

CHARTERED ACCOUNTANTS

# Auditors' Report

To the members of The National Silk & Rayon Mills Limited Report on the Audit of the Financial Statements

## Opinion

We have audited the annexed financial statements of **The National Silk & Rayon Mills Limited**, which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other 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, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

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

## Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

S. No.	Key audit matter(s)	How the matter was addressed in our audit
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(i)	<b>First time application of third and fourth schedules to the Companies Act, 2017</b>	
-----	--	--

As referred to in note 3.5.1 to the annexed financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018.

The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting frame work as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

**Our audit procedures included the following:**

- As referred to in note 3.5.1 to the annexed financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018.
- Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business.



As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the said note 3.5.1) relating to disclosures required in the Company's financial statements.

We consider it as a key audit matter in view of the changes require additional significant disclosure for preparation of the financial statements for the year ended June 30, 2018 due to application of Third and Fourth schedules to the Companies Act, 2017.

(ii) **Sales Tax Refund**

During the year the company has received outstanding sales tax refund amounting Rs.100.75 million as referred to note no.23.1 to the financial statements of the company.

We consider it as a key audit matter in view of substantial amount of outstanding sales tax refund has been received by the company. Further, it represented significant transaction occurred during the year with reference to the financial position of the company.

- assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the additional requirements.

Our audit procedures inter-alia included:

- Verification of refund application of relevant period.
- Verification of Sales Tax Payment Orders (RPOs) issued by the Tax Department.
- Tracing the entries in the bank statements in order to ensure that amount of refund as per RPOs has duly been credited in the bank account maintained by the company.
- Tracing of entries in general ledger of sales tax refund receivable in order to ensure that refund amount due has been adjusted accordingly.

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

Management is responsible for the other information. The other information comprise the information included in the annual report, 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.

### **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. 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 and other 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Daoud .

Lahore: October 06, 2018

CHARTERED ACCOUNTANTS

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A MEMBER FIRM OF IAPA - A GLOBAL ASSOCIATION OF INDEPENDENT ACCOUNTING FIRMS AND GROUPS

***The National Silk & Rayon Mills Ltd.***

# Balance Sheet

AS AT JUNE 30, 2018

	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)	ASSETS	Note	2018 Rupees	2017 Rupees	2016 Rupees
<b>EQUITY AND LIABILITIES</b>								
<b>SHARE CAPITAL AND RESERVES</b>				<b>NON CURRENT ASSETS</b>				
Authorised share capital	204,000,000	204,000,000	204,000,000	Property, plant and equipment	16	698,302,348	715,761,337	716,605,631
Issued, subscribed and paid-up share capital	155,531,740	155,531,740	155,531,740	Long term deposits and prepayments	17	20,851,231	20,851,231	30,851,231
Unappropriated profit	118,833,951	89,555,907	73,183,211			719,153,579	736,612,568	747,456,862
Revaluation surplus on land	481,279,091	481,279,091	481,279,091					
	755,644,782	726,366,738	709,994,042					
<b>DEFERRED INCOME</b>	-	-	3,476,264					
<b>NON CURRENT LIABILITIES</b>								
Liabilities against assets subject to finance lease	-	-	-					
Deferred liabilities	3,790,430	18,829,828	23,951,078					
	3,790,430	18,829,828	23,951,078					
<b>CURRENT LIABILITIES</b>				<b>CURRENT ASSETS</b>				
Trade and other payables	94,054,529	116,554,040	105,836,054	Stores, spares and loose tools	18	3,780,857	1,356,436	2,125,846
Payable to provident fund	367,284	410,482	-	Stock in trade	19	51,962,411	29,593,932	49,432,837
Deposits, accrued liabilities and advances	34,165,931	41,942,724	37,607,168	Trade debts	20	61,349,349	50,600,795	59,793,382
Unclaimed dividend	594,836	508,826	508,826	Loans and advances	21	7,843,853	33,291,514	34,056,023
Accrued interest and markup	572,838	717,925	664,168	Trade deposits, short term prepayments and current account balances with statutory authorities	22	22,659,019	16,232,240	10,377,262
Loan from banking companies	520,089	36,886,265	28,227,705	Accrued interest		7,041	6,579	6,914
Loan from related parties	74,143,652	57,343,652	66,703,652	Due from Government	23	72,658,806	126,888,151	79,351,220
Current portion of lease liabilities	-	-	20,742,660	Cash and bank balances	24	24,439,456	4,978,265	15,111,271
Provision for taxation	-	-	-			244,700,792	262,947,912	250,254,755
	204,419,159	254,363,914	260,290,233					
<b>CONTINGENCIES AND COMMITMENTS</b>								
	-	-	-					
	963,854,371	999,560,480	997,711,617			963,854,371	999,560,480	997,711,617

The annexed notes from 1 to 46 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# Profit and Loss Account

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales- net	25	857,472,765	821,570,202
Cost of sales	26	779,718,708	754,317,880
<b>Gross profit</b>		<b>77,754,057</b>	<b>67,252,322</b>
Distribution cost	27	235,337	916,033
Administrative expenses	28	37,291,612	30,691,179
Other operating expenses	29	2,295,803	2,615,942
		39,822,752	34,223,154
		37,931,305	33,029,168
Other income	30	2,164,376	5,283,232
		40,095,681	38,312,400
Finance cost	31	3,838,779	4,454,985
<b>Profit before taxation</b>		<b>36,256,902</b>	<b>33,857,415</b>
<b>Taxation</b>	32	<b>4,686,023</b>	<b>(17,484,719)</b>
<b>Profit after taxation</b>		<b>40,942,925</b>	<b>16,372,696</b>
<b>Earnings per share - Basic and Diluted</b>	33	<b>-----R u p e e s----- 2.63</b>	<b>1.05</b>

The annexed notes from 1 to 46 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
Profit after taxation	40,942,925	16,372,696
<b>Items that will not be reclassified to profit or loss</b>	-	-
<b>Items that will be reclassified to profit or loss</b>	-	-
Other comprehensive income-net of taxation	-	-
<b>Total comprehensive income for the year-net of tax</b>	<b>40,942,925</b>	<b>16,372,696</b>

The annexed notes from 1 to 46 form an integral part of these financial statements.



**CHIEF EXECUTIVE**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**

# Cash Flow Statement

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	A	76,650,633	46,150,246
Taxes paid		(13,227,441)	(14,398,676)
Finance cost paid		(3,163,053)	(4,401,228)
Gratuity paid		(4,913,677)	(3,260,505)
<b>Net cash flows from operating activities</b>		<b>55,346,462</b>	<b>24,089,837</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(4,763,217)	(23,292,328)
Profit on bank deposits		22,993	13,584
Sale proceeds of fixed assets		-	500,000
<b>Net cash flows from investing activities</b>		<b>(4,740,224)</b>	<b>(22,778,744)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan from directors		16,800,000	(9,360,000)
Dividend paid during the year		(11,578,871)	-
Repayment of finance lease liabilities		-	(10,742,660)
<b>Net cash flows from financing activities</b>		<b>5,221,129</b>	<b>(20,102,660)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>		<b>55,827,367</b>	<b>(18,791,566)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>		<b>(31,908,000)</b>	<b>(13,116,434)</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>B</b>	<b>23,919,367</b>	<b>(31,908,000)</b>

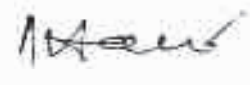
The annexed notes from 1 to 46 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# Notes to the Cash Flow Statement

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>A - CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		36,256,902	33,857,415
<b>Adjustment of non cash and other items:</b>			
Provision for gratuity		-	3,427,917
Depreciation	16.1	22,222,206	23,771,954
Profit on disposal of fixed assets		-	(135,332)
Profit on bank deposit		(23,455)	(13,249)
Deferred income recognised		-	(3,476,264)
Finance cost		3,017,966	4,454,985
		25,216,717	28,030,011
<b>Cash flows before working capital changes</b>		<b>61,473,619</b>	<b>61,887,426</b>
<b>EFFECT ON CASH FLOWS OF WORKING CAPITAL CHANGES</b>			
<b>(Increase)/Decrease in current assets</b>			
Stores, spares and loose tools		(2,424,421)	769,410
Stocks in trade		(22,368,479)	19,838,905
Trade debts		(10,748,554)	9,192,587
Loan and advances		25,447,661	764,509
Trade deposit and short term prepayments		(3,552,713)	(173,904)
Due from Government		54,229,345	(47,536,931)
<b>Increase/(Decrease) in current liabilities</b>			
Trade and other payables		(17,585,834)	1,408,244
Payable to provident fund		(43,198)	-
Deposits, accrued liabilities and advances		(7,776,793)	-
		15,177,014	(15,737,180)
		76,650,633	46,150,246
<b>B - CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	24	24,439,456	4,978,265
Short term borrowings	12	(520,089)	(36,886,265)
		23,919,367	(31,908,000)

The annexed notes from 1 to 46 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2018

	SHARE CAPITAL	REVENUE RESERVES	REVALUATION SURPLUS ON LAND	TOTAL
		UN- APPROPRIATED PROFIT		
----- R u p e e s -----				
<b>Balance as at July 01, 2016 - as previously reported</b>	155,531,740	73,183,211	-	228,714,951
Impact of restatement - note-4	-	-	481,279,091	481,279,091
<b>Balance as at July 01, 2016 - as restated</b>	155,531,740	73,183,211	481,279,091	709,994,042
Profit for the year	-	16,372,696	-	16,372,696
Other comprehensive income	-	-	-	-
<b>Total comprehensive profit</b>	-	16,372,696	-	16,372,696
<b>Balance as at June 30, 2017</b>	155,531,740	89,555,907	481,279,091	726,366,738
Final dividend for the year ended June 30, 2017 declared subsequent to year end	-	(11,664,881)	-	(11,664,881)
Profit for the year	-	40,942,925	-	40,942,925
Other comprehensive income	-	-	-	-
<b>Total comprehensive profit</b>	-	40,942,925	-	40,942,925
<b>Balance as at June 30, 2018</b>	155,531,740	118,833,951	481,279,091	755,644,782

The annexed notes from 1 to 46 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



# Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

## 1 STATUS AND NATURE OF BUSINESS

The Company is a Public Limited Company, incorporated in Pakistan on June 27, 1950 under the repealed Companies Act, 1913. The Company is quoted on Pakistan Stock Exchange. The registered office of the Company is situated at 4th Floor, I.E.P. Building, 97-B/D-1, Gulberg III, Lahore. The factory is located Dhuddiwala, Jaranwala Road, Faisalabad in the province of Punjab. The principal activity of the company is dyeing, bleaching, finishing and embroidery of fabric.

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

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report. However, during the year the company has received sales tax refund amounting Rs. 100.75 million as referred to note no. 23 to the financial statement.

## 3 BASIS OF PREPARATION

### 3.1 STATEMENT OF COMPLIANCE

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

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

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

### 3.2 ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention except as stated hereafter in the relevant accounting policies. Further accrual basis of accounting is followed in the preparation of these financial statements except for cash flow information.

### 3.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

### 3.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

- a) Taxation; and
- b) Useful life of depreciable assets and provision for impairment there against.

### 3.5 NEW STANDARDS, AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND NEW INTERPRETATIONS

#### 3.5.1 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2018

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company, change in threshold for identification of executives, additional disclosure requirements for related parties etc.

The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

#### 3.5.2 New standards, amendments to approved accounting standards and interpretations that are effective for the Company's accounting periods beginning on or after July 1, 2018

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further during the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Customers' and IFRS 16 'Leases'. IFRS 9 and IFRS 15 are applicable for the Company's financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Company's future financial statements are being assessed. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

### 3.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.6.1 Share capital

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

#### 3.6.2 Assets Subject to Finance Lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged at the rates stated in (note 16) applying reducing balance method to write-off the cost of the asset over its estimated remaining useful life.

Financial charges and depreciation on leased assets are charged to income currently.

#### 3.6.3 Taxation

##### Current

Company's export sales fall under presumptive tax regime under Section 154 of the Income Tax Ordinance, 2001. Charge for current taxation other than export is based on taxable income at the current rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

##### Deferred

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

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

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

#### 3.6.4 Defined Contribution Plan

The Company has ceased the unfunded Gratuity Scheme and introduced defined contribution plan i.e. "Provident Fund" for all its permanent employees effective from July 01, 2016. Equal monthly contribution are made both by the Company and employees at the rate of 8.33 % of the gross salary.

#### 3.6.5 Foreign Currency Translations

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

#### 3.6.6 Trade and Other Payables

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

#### 3.6.7 Dividends

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

#### 3.6.8 Contingencies and Commitments

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

#### 3.6.9 Provisions

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

#### 3.6.10 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and capital work-in-progress. Freehold land is stated at revalued amount and capital work-in-progress is stated at cost consisting of expenditure incurred in respect of fixed assets in the course of their construction and installation. Cost of certain plant and machinery consists of historical cost and exchange fluctuations on foreign currency loans utilized for acquisition thereof. Borrowing costs pertaining to erection / construction period are capitalized as part of the historical cost.

Depreciation is charged to income applying reducing balance method to write-off the cost, capitalized exchange fluctuations and borrowing costs over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets. Rates of depreciation are stated in (note 16).

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

The company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

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

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

#### **3.6.11 Intangible assets**

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

#### **3.6.12 Capital Work in Progress**

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

#### **3.6.13 Long Term Deposits and Loans**

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

#### **3.6.14 Inventories**

Inventories except for stock in transit are stated at lower of cost or net realizable value.

#### **3.6.15 Stores, Spares and Loose Tools**

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

#### **3.6.16 Stocks in Trade**

Cost of raw material is based on weighted average cost.

Cost in relation to work-in-process and finished goods represents the annual average manufacturing cost which consists of prime cost and appropriate production overheads.

Net realizable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to effect such sales.

#### **3.6.17 Trade debts and other receivables**

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

#### **3.6.18 Cash and Cash Equivalents**

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

#### **3.6.19 Financial Instruments**

##### **Classification**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

##### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current assets.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the statement of financial position date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the statement of financial position.

### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investments within twelve months from the statement of financial position date.

### **Held to maturity**

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortised cost.

### **3.6.20 Recognition and measurement**

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date; the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available -for- sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any. The Company assesses at each statement of financial position date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 3.6.17

### **3.6.21 Financial liabilities**

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

### **3.6.22 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

### **3.6.23 Impairment**

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

### **3.6.24 Revenue Recognition:**

- Processing charges are recorded when goods are delivered to customers and invoices raised.
- Export sales are booked on shipment basis.
- Other sales are recorded when significant risks and rewards of ownership of the goods have passed to the customers which coincides with dispatch of goods to customers.
- Interest income is recognized on time proportion basis using effective interest rates.
- Other revenues are recorded, as and when due, on accrual basis.

### **3.6.25 Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income in the period of incurrence.

### **3.6.26 Basic and diluted earnings per share**

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

#### 4 CHANGE IN ACCOUNTING POLICY

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

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

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

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	As at June 30, 2017			As at June 30, 2016		
	As previously reported	As re-stated	Re-statement	As previously reported	As re-stated	Re-statement
<b>Effect on statement of financial position</b>						
Surplus on revaluation of land	481,279,091		(481,279,091)	481,279,091		(481,279,091)
Share capital and reserves		481,279,091	481,279,091		481,279,091	481,279,091
<b>Effect on statement of changes in equity</b>						
Revaluation surplus on land		481,279,091	481,279,091		481,279,091	481,279,091

	As at June 30, 2017		
	As previously reported	As re-stated	Re-statement
<b>Effect on statement of comprehensive income</b>			
Gain on revaluation of land and buildings - net of deferred tax	-	-	-
There was no cash flow impact as a result of the retrospective application of change in accounting policy.			

#### 5 AUTHORIZED SHARE CAPITAL

20,000,000 (2017: 20,000,000) A - Class Ordinary shares of Rs. 10 each

400,000 (2017: 400,000) B - Class Ordinary shares of Rs. 10 each

Note

2018 Rupees	2017 Rupees
200,000,000	200,000,000
4,000,000	4,000,000
<b>204,000,000</b>	<b>204,000,000</b>

#### 6 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

##### Issued for Cash

15,051,267 (2017: 15,051,267) A - Class Ordinary Shares of Rs. 10 each

320,100 (2017: 320,100) B - Class Ordinary Shares of Rs. 10 each

2018 Rupees	2017 Rupees
150,512,670	150,512,670
3,201,000	3,201,000
<b>153,713,670</b>	<b>153,713,670</b>

##### Issued as Bonus Shares

181,807 (2017: 181,807) Ordinary Shares of Rs. 10 each

1,818,070	1,818,070
<b>155,531,740</b>	<b>155,531,740</b>

#### 7 SURPLUS ON REVALUATION OF LAND

The Company had revalued its freehold Land during the year 2000. The revaluation exercise was carried-out by M/s Iqbal Malik and company, Surveyors-Assessors Consultants, Multan resulting in surplus of Rs.49,379,091 over book value. This has been credited to surplus on revaluation of fixed assets. Thereafter, the company again revalued its freehold Land on June 27, 2012 and June 28, 2016. The revaluation exercises had been carried out by an independent valuer M/s Material & Design Services (Pvt) Limited, Faisalabad based on market value resulting in surplus of Rs.126,950,000 and Rs. 304,950,000 respectively. Based on the latest revaluation report, the forced sale value of the above said land was amounting Rs. 409.275 million.



8 DEFERRED LIABILITIES	Note	2018 Rupees	2017 Rupees
Deferred taxation	8.1	3,790,430	18,829,828
<b>8.1 Deferred Taxation</b>			
<b>This is composed of the following:</b>			
<b>Deferred tax liability on taxable temporary differences arising in respect of:</b>			
Accelerated tax depreciation		14,647,159	21,520,653
<b>Deferred tax asset on deductible temporary differences arising in respect of:</b>		14,647,159	21,520,653
Deferred debits arising in respect of staff gratuity		(1,263,184)	(2,690,825)
Turnover tax available for carry forward		(15,989,242)	-
Deferred tax asset not recognised on turnover tax		6,395,697	-
		(10,856,729)	(2,690,825)
		3,790,430	18,829,828
Balance as at July 01,		18,829,828	10,062,711
Add: Charge / (Reversal) during the year to:			
Profit and loss account		(15,039,398)	8,767,117
Other comprehensive income		-	-
		(15,039,398)	8,767,117
		3,790,430	18,829,828
<b>8.2</b>			
The deferred tax assets amounting Rs. 15,989,242 mainly owing to minimum tax, are recognised in these financial statements only to the extent of 60 %, as it is not probable that sufficient taxable profit will be available to utilise the remaining assets i.e. tax credits in the foreseeable future.			
<b>9 TRADE AND OTHER PAYABLES</b>	Note	2018 Rupees	2017 Rupees
Sundry creditors		74,123,248	59,090,923
Letter of credit and other payable		7,831,903	41,133,674
Tax deducted at source payable		521,641	259,022
Sales tax payable		508,000	225,264
Staff gratuity payable	9.1	9,142,102	14,055,779
Workers' (Profit) Participation Fund	9.2	1,927,635	1,789,378
		94,054,529	116,554,040
<b>9.1 Staff gratuity payable</b>			
Balance as at July 01,		14,055,779	13,888,367
Charge to profit and loss account		-	3,427,917
		14,055,779	17,316,284
Less: Payments during the Year		(4,913,677)	(3,260,505)
		9,142,102	14,055,779
<b>9.2 Workers' (Profit) Participation Fund</b>			
Balance as at July 01,		1,789,378	1,732,769
Add: Interest charged for year		161,044	155,949
		1,950,422	1,888,718
Less: Payments during the Year		1,950,422	1,888,718
		-	-
Allocation for the year		1,927,635	1,789,378
		1,927,635	1,789,378
<b>10 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES</b>			
Accrued expenses		16,181,663	12,346,456
Advance from customers		17,984,268	29,596,268
		34,165,931	41,942,724
<b>11 ACCRUED INTEREST AND MARK UP</b>			
Mark up on short term finances- Secured		572,838	717,925
<b>12 LOAN FROM BANKING COMPANIES</b>			
Cash finance	12.1	419,732	29,956,758
Running finance	12.2	100,357	6,929,507
		520,089	36,886,265

12.1 This facility has been obtained from National Bank of Pakistan with sanctioned limit of Rs.30.00 million (2017: Rs.30.00 million) for working capital. This is secured against hypothecation of stock and receivables etc, 1st charge of Rs. 175 (M) by way of hypothecation on present and future current assets of the company, 1st charge of Rs. 175 (M) on present and future fixed assets of company, Token registered mortgage of Rs. 1 (M) on fixed assets of the company and personal guarantee of all directors of company. This carries markup @ 3 months KIBOR(Average Ask Side) rate+3.25% per annum (2017: @ 3 months KIBOR(Ask) rate+3.25% per annum) payable on quarterly basis.

12.2 This facility has been obtained from The Bank of Punjab with sanctioned limit of Rs.8.00 million (2017: Rs.8.00 million) for working capital. This is secured against hypothecation charge over Company's present and future current assets, mortgage charge over fixed assets and personal properties of two directors and personal guarantees of all directors. This carries markup @ 3 month KIBOR + 3.25% per annum (2017:@ 3 month KIBOR + 3.25% per annum) payable on quarterly basis.

12.3 The facilities for opening letters of credit and export bills negotiation as at June 30, 2017 amounting Rs.179 million (2017: Rs.130.00 million) of which the amount under utilized at year end was Rs.27.622 million (2017: under utilized Rs.35.56 million). The company has not availed available FBP&N facility limit of Rs. 5 million during the year.

### 13 LOAN FROM RELATED PARTIES

(unsecured and interest free)

Loan from Chief Executive and Directors

13.1

2018  
Rupees

2017  
Rupees

74,143,652

57,343,652

#### 13.1 Loan from Chief Executive and Directors

Sr # Particulars

Basis of association

Aggregate %  
of  
shareholding

2018  
Rupees

2017  
Rupees

1 Mr. Faisal Tauheed

Chief Executive Officer

34.56%

17,360,000

13,860,000

2 Mr. Kashif Tauheed

Director

25.85%

34,660,000

32,060,000

3 Miss Tahira Kashif

Director

13.26%

22,123,652

11,423,652

74,143,652

57,343,652

13.2 This represents interest free and unsecured loan obtained from Chief Executive and Directors of the company to meet the working capital requirements of the company. It is being utilized for the said purpose and is payable on demand.

### 14 PROVISION FOR TAXATION

Balance as at 1st July,

Less: Adjusted during the year

Add: Provision for the taxation-current

Less: Tax deducted at source / advance tax

2018  
Rupees

2017  
Rupees

-

-

-

-

-

-

362,541

8,237,418

12,362,541

8,237,418

(12,362,541)

(8,237,418)

-

-

### 15 CONTINGENCIES AND COMMITMENTS

#### 15.1 Contingencies

15.1.1 Counter guarantees by the bank in respect of guarantees issued in the normal course of business for sum of Rs.6.550 million (2017: Rs. 6.550 million).

15.1.2 The Sui Northern Gas Pipelines Limited (SNGPL) had raised a demand amounting Rs.39.805 million (2017: Rs.39.805 million) which has been contested by the Company as unsubstantiated and unjustified. The Company had deposited Rs.28.178 million with SNGPL under protest as referred to note No.21 to the financial statements. SNGPL had constituted a Review Committee to examine and resolve the matter and bring the facts on record. The aforesaid Committee had decided the case against the Company. The Company had filed appeal to Oil & Gas Regulatory Authority (OGRA). The Joint Executive Director (OGRA) has decided the case in favor of the Company. However, SNGPL has filed appeal to OGRA for review against the decision of Joint Executive Director (OGRA). OGRA has decided the case against the company. The company had filed writ petition against the decision of the OGRA. The Honorable Court had set aside the decision of OGRA. Thereafter, SNGPL had filed appeal with OGRA. OGRA has decided the appeal filed by SNGPL in favour of the Company. The company has filed writ petition before Hon'able Islamabad High Court for implementation of decision of OGRA regarding recovery of aforesaid amount deposited under protest. During the year, Hon'able Islamabad High Court issued order for implementation of decision of OGRA. Resultantly, the company has received back amounting Rs. 24.508 million from SNGPL from the aforesaid amount deposited under protest through SNGPL's monthly bills of gas consumed by the company.

#### 15.2 Commitments

15.2.1 Commitments in respect of letters of credit for capital expenditures were amounting Rs.nil (2017: Rs.nil)

15.2.2 Commitments in respect of letters of credit other than for capital expenditures were amounting Rs.33.201 million (2017: Rs. 33.683 million).



## PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	OWNED										LEASED				GRAND TOTAL			
	Land Freehold		Building on Free hold Land		Plant and Machinery	Pipeline and Electric Fitting	Office Equipment	Furniture and Fixture	Vehicles	TOTAL	Plant and Machinery	Vehicles	TOTAL	CAPITAL WORK IN PROGRESS				
	Cost	Revaluation Surplus	Sub Total	Factory										Residential		Sub Total	Building	Plant and Machinery
Cost/ Revaluation																		
Balance as at 01 July, 2016	220,909	481,279,091	481,500,000	22,948,864	104,888	23,053,752	311,671,206	11,241,930	1,991,914	753,590	20,755,749	850,968,241	40,200,000	16,681,496	9,564,887	262,246,483	917,414,724	
Additions	-	-	-	-	-	20,091,666	-	1,518,375	-	893,230	-	22,503,271	-	789,057	-	789,057	23,292,328	
Transfers	-	-	-	-	-	40,200,000	-	-	-	-	-	40,200,000	(40,200,000)	-	-	-	-	
Disposals	-	-	-	-	-	-	-	-	(707,330)	-	-	(707,330)	-	-	-	-	(707,330)	
<b>Balance as at 30 June 2017</b>	<b>220,909</b>	<b>481,279,091</b>	<b>481,500,000</b>	<b>22,948,864</b>	<b>104,888</b>	<b>23,053,752</b>	<b>371,962,972</b>	<b>11,241,930</b>	<b>3,510,289</b>	<b>753,590</b>	<b>20,941,649</b>	<b>912,964,182</b>	<b>-</b>	<b>17,470,553</b>	<b>-</b>	<b>9,564,887</b>	<b>27,035,540</b>	<b>930,999,722</b>
Balance as at 01 July, 2017	220,909	481,279,091	481,500,000	22,948,864	104,888	23,053,752	371,962,972	11,241,930	3,510,289	753,590	20,941,649	912,964,182	-	17,470,553	-	9,564,887	27,035,540	930,999,722
Additions	-	-	-	-	-	-	4,696,294	-	-	9,150	57,773	4,763,217	-	-	-	-	-	4,763,217
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2018</b>	<b>220,909</b>	<b>481,279,091</b>	<b>481,500,000</b>	<b>22,948,864</b>	<b>104,888</b>	<b>23,053,752</b>	<b>376,659,266</b>	<b>11,241,930</b>	<b>3,510,289</b>	<b>762,740</b>	<b>20,999,422</b>	<b>917,727,399</b>	<b>-</b>	<b>17,470,553</b>	<b>-</b>	<b>9,564,887</b>	<b>27,035,540</b>	<b>944,762,939</b>
Depreciation																		
Balance as at 01 July, 2016	-	-	-	16,644,837	98,374	16,743,211	158,828,232	7,893,737	1,597,310	690,017	6,875,887	192,628,393	8,180,700	-	-	-	-	200,809,093
Change for the year	-	-	-	630,403	326	630,729	165,403,383	334,819	165,991	6,357	2,891,745	20,570,024	3,201,930	-	-	-	-	23,771,954
Transfers	-	-	-	-	-	-	11,382,630	-	-	-	-	11,382,630	-	-	-	-	-	-
On disposals/transfers	-	-	-	-	-	-	-	-	-	-	(342,662)	(342,662)	-	-	-	-	-	(342,662)
<b>Balance as at 30 June 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,275,240</b>	<b>98,700</b>	<b>17,373,940</b>	<b>186,751,245</b>	<b>8,228,556</b>	<b>1,763,301</b>	<b>696,374</b>	<b>9,424,970</b>	<b>224,238,385</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>224,238,385</b>
Balance as at 01 July, 2017	-	-	-	17,275,240	98,700	17,373,940	186,751,245	8,228,556	1,763,301	696,374	9,424,970	224,238,385	-	-	-	-	-	224,238,385
Change for the year	-	-	-	507,562	309	507,871	18,861,786	303,237	174,699	6,057	2,510,076	21,222,206	-	-	-	-	-	21,222,206
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,842,602</b>	<b>99,009</b>	<b>17,941,611</b>	<b>205,613,031</b>	<b>8,529,893</b>	<b>1,938,000</b>	<b>703,011</b>	<b>11,735,046</b>	<b>246,460,591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246,460,591</b>
<b>Carrying amount-2018</b>	<b>220,909</b>	<b>481,279,091</b>	<b>481,500,000</b>	<b>5,106,262</b>	<b>5,879</b>	<b>5,112,141</b>	<b>171,046,235</b>	<b>2,712,037</b>	<b>1,572,289</b>	<b>59,729</b>	<b>9,264,376</b>	<b>671,266,808</b>	<b>-</b>	<b>17,470,553</b>	<b>-</b>	<b>9,564,887</b>	<b>27,035,540</b>	<b>698,302,348</b>
<b>Carrying amount-2017</b>	<b>220,909</b>	<b>481,279,091</b>	<b>481,500,000</b>	<b>5,673,624</b>	<b>6,188</b>	<b>5,679,812</b>	<b>185,211,727</b>	<b>3,013,374</b>	<b>1,746,988</b>	<b>57,216</b>	<b>11,516,679</b>	<b>688,725,797</b>	<b>-</b>	<b>17,470,553</b>	<b>-</b>	<b>9,564,887</b>	<b>27,035,540</b>	<b>715,761,337</b>
Rate of Depreciation (p.a)				10%	5%		10%	10%	10%	10%	20%	20%	10%	20%		10%	20%	

16.1 The depreciation charged for the year has been allocated as follows:

	2018	2017
Cost of sales	19,999,985	21,394,759
Administrative expenses	2,222,221	2,377,195
	<b>28</b>	<b>28</b>

16.2 The company has 80.25 kanals of land situated at Dhaddiwala, Jamunwala Road, Faisalabad. Building comprises of 202,788 square feet covered area situated at the said land.

- 16.3 The Company had revalued its freehold Land during the year 2000. The revaluation exercise was carried-out by M/s Iqbal Malik and company, Surveyors-Assessors Consultants, Multan on the basis of replacement cost. Thereafter, the company again revalued its freehold Land on June 27, 2012 and June 28, 2016. The revaluation exercises have been carried out by an independent valuer M/s Material & Design Services (Pvt) Limited, Faisalabad based on market value. Had there been no revaluation of Freehold Land, the carrying amount of the Land as at June 30, 2018 would have been as follows:

Particulars	Cost Rupees	Accumulated Depreciation	Carrying Value
Freehold Land	220,909	-	220,909
<b>As at June 30, 2018</b>	<b>220,909</b>	<b>-</b>	<b>220,909</b>
<b>As at June 30, 2017</b>	<b>220,909</b>	<b>-</b>	<b>220,909</b>

	Note	2018 Rupees	2017 Rupees
<b>17 LONG TERM DEPOSITS AND PREPAYMENTS</b>			
Security deposits		20,851,231	20,851,231
<b>18 STORES, SPARES AND LOOSE TOOLS</b>			
Stores		26,719	378,091
Spares		3,754,138	978,345
		<b>3,780,857</b>	<b>1,356,436</b>
<b>19 STOCK IN TRADE</b>			
Raw material		48,014,832	26,964,629
Packing material		1,424,204	789,303
Work in process - Cost of processing done on third party orders		1,357,600	1,030,860
Finished goods - Cost of processing done on third party orders		1,165,775	809,140
		<b>51,962,411</b>	<b>29,593,932</b>
<b>19.1</b> These stocks are hypothecated with banks as security against short term finances as indicated in note no.12.			
<b>20 TRADE DEBTS</b>			
Local - Unsecured and considered good by the management		61,349,349	50,600,795
<b>21 LOANS AND ADVANCES</b>			
<b>Advances to: (Unsecured but considered good)</b>			
Suppliers of goods		4,097,508	4,613,755
Employees		76,438	499,780
Others	<b>21.1</b>	3,669,907	28,177,979
		<b>7,843,853</b>	<b>33,291,514</b>
<b>21.1</b> Referred to note no.15.1.2 to the financial statements.			
<b>22 TRADE DEPOSITS , SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCES WITH STATUTORY AUTHORITIES</b>			
Short term prepayments		498,851	513,730
Immature letters of credit- secured	<b>22.1</b>	5,552,198	1,984,606
Tax deducted at source		16,607,970	13,733,904
		<b>22,659,019</b>	<b>16,232,240</b>
<b>22.1</b> These comprise of opening charges, bank charges and partial payments of cost of documents.			
<b>23 DUE FROM GOVERNMENT</b>			
Sales tax refundable		72,658,806	126,888,151
<b>23.1</b> During the year company has received sales tax refund amounting Rs. 100.75 million (2017: Rs. Nil).			
<b>24 CASH AND BANK BALANCES</b>			
Cash in hand		102,865	130,157
Cash with banks in:			
Current accounts		24,031,591	4,543,108
Deposit accounts	<b>24.1</b>	305,000	305,000
		<b>24,336,591</b>	<b>4,848,108</b>
		<b>24,439,456</b>	<b>4,978,265</b>

- 24.1** These are Term Deposit Receipts (TDR) held under lien by National Bank of Pakistan as margin against guarantees issued to Sui Northern Gas Pipe Lines Limited and carry mark up @ 4.50% per annum (2017: @ 4.34% per annum).

25 SALES -net	Note	2018 Rupees	2017 Rupees
<b>Gross:</b>			
Exports		-	5,633,954
Processing receipts		861,395,760	814,451,627
Others		-	2,136,295
		861,395,760	816,587,922
Less: sales tax		(3,922,995)	(651,674)
		857,472,765	815,936,248
		<u>857,472,765</u>	<u>821,570,202</u>
<b>26 COST OF SALES</b>			
Raw material consumed	26.1	331,992,254	327,081,715
Salaries, wages and benefits	26.2	69,241,417	65,406,269
Fuel and power		334,460,485	307,289,479
Packing material consumed		11,577,098	10,651,329
Stores and spares consumed		7,642,235	13,282,373
Oil and greases consumed		1,887,461	2,323,338
Repair and maintenance		3,601,148	2,422,986
Depreciation	16.1	19,999,985	21,394,759
		780,402,083	749,852,248
<b>Work in process</b>			
Opening stock		1,030,860	2,919,882
Closing stock		(1,357,600)	(1,030,860)
		(326,740)	1,889,022
		780,075,343	751,741,270
<b>Finished goods</b>			
Opening stock		809,140	3,385,750
Closing stock		(1,165,775)	(809,140)
		(356,635)	2,576,610
		779,718,708	754,317,880
<b>26.1 Raw Material Consumed</b>			
Balance as at July 01,		26,964,629	42,346,081
Purchases during the Year		353,042,457	311,700,263
Available for Consumption		380,007,086	354,046,344
Less: Balance as at June 30,		48,014,832	26,964,629
		<u>331,992,254</u>	<u>327,081,715</u>
<b>26.2</b> Salaries, wages and benefits include Rs. nil and Rs.1,902,382 (2017: Rs. 2,620,776 and Rs.1,298,903) in respect of staff gratuity and provident fund respectively.			
<b>27 DISTRIBUTION COSTS</b>			
Salaries and benefits		205,337	183,284
Advertisement and sales promotion expenses		30,000	622,130
Ocean charges		-	34,336
Clearing and forwarding charges		-	76,283
		<u>235,337</u>	<u>916,033</u>
<b>28 ADMINISTRATIVE EXPENSES</b>			
Directors' remuneration		11,200,000	8,600,000
Staff salaries and benefits	28.1	8,417,359	7,823,906
Rent, rates and taxes		329,689	329,689
Traveling and conveyance		554,200	526,064
Electricity		1,132,362	840,383
Water and sewerage expense		2,892,229	2,654,260
Communication expenses		891,644	1,015,172
Printing and stationery		895,914	842,945
Repair and maintenance		1,237,675	1,066,492
Vehicle running and maintenance		1,452,271	1,240,928
Fees and subscriptions		991,389	695,536
Legal and professional charges		454,000	199,750
Auditors' remuneration	28.2	675,675	613,500
Newspapers and periodicals		10,316	11,134
Entertainment		565,767	693,939
Insurance		1,047,606	1,072,718
Zakat deducted at source		13,265	7,625
Depreciation	16.1	2,222,221	2,377,195
Miscellaneous	28.3	2,308,030	79,943
		<u>37,291,612</u>	<u>30,691,179</u>

28.1 Staff salaries and benefits includes Rs. nil and Rs.549,588 (2017: Rs. 807,141 and Rs.435,465) in respect of staff gratuity and provident fund respectively.

**28.2 Auditors' remuneration**

The audit fee and remuneration for other services included in the financial statements is as follows:

<b>Amin, Mudassar &amp; Co. Chartered Accountant</b>	<b>Note</b>	<b>2018 Rupees</b>	<b>2017 Rupees</b>
Statutory audit		598,500	525,000
Half yearly review		77,175	73,500
Out of pocket expenses		-	15,000
		<u>675,675</u>	<u>613,500</u>

28.3 This includes penalty paid under Sales Tax Act, 1990 amounting Rs. 1,751,410 (2017: Rs.nil).

**29 OTHER OPERATING EXPENSES**

Workers' (Profit) Participation Fund		1,927,635	1,789,378
Workers' welfare fund		368,168	140,760
Exchange loss		-	685,804
		<u>2,295,803</u>	<u>2,615,942</u>

**30 OTHER INCOME**

**Income from financial assets:**

Profit on bank deposits		23,455	13,249
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**Income from non-financial assets:**

Sale of scrap		2,137,500	1,658,387
Balance written back - net		3,421	-
Profit on disposal of fixed assets		-	135,332
Deferred income recognised		-	3,476,264
		<u>2,164,376</u>	<u>5,283,232</u>

**31 FINANCE COST**

Markup on:

Lease finance		-	888,521
Short term borrowings		2,856,922	2,934,878
Interest on Workers' (Profit) Participation Fund		-	155,949
Profit on provident fund		-	131,899
Bank charges and commission		820,813	343,738
		<u>3,838,779</u>	<u>4,454,985</u>

**32 TAXATION**

Income tax			
- Current	<b>14</b>	12,362,541	8,237,418
- Prior		(2,009,166)	480,184
		10,353,375	8,717,602
Deferred	<b>8.1</b>	(15,039,398)	8,767,117
		<u>(4,686,023)</u>	<u>17,484,719</u>

32.1 Income tax assessments of the company have been finalized up to the Tax Year 2017 on the basis of income tax return filed as the company did not receive any corresponding from Income Tax Department.

**32.2 Assessment of sufficiency of tax provision:**

Sufficient tax provision for the current year has been provided in these financial statements.

	<b>2017 Rupees</b>	<b>2016 Rupees</b>	<b>2015 Rupees</b>
Tax provision as per financial statements	8,237,418	7,158,841	6,773,449
Tax assessment	6,228,252	7,158,841	6,773,449
Excess/(Shortage)	<u>2,009,166</u>	<u>-</u>	<u>-</u>

**32.3 Profit before taxation**

	<b>2018 Rupees</b>	<b>2017 Rupees</b>
Tax at applicable rate 30%	36,256,902	-
Tax effect of income taxable at lower rates	10,877,071	-
Tax effect of non-deductible expenses	(1,212,634)	-
Tax effect of credits available	448,466	-
Tax effect of undistributed profits	(469,629)	-
Tax effect of undistributed profits	2,719,268	-
Tax effect of prior years	(2,009,166)	-
Tax effect of temporary differences	(15,039,398)	-
	<u>(4,686,023)</u>	<u>-</u>

32.4 No numeric tax rate reconciliation was presented in these financial statements regarding prior year as the company was either liable to pay tax under final tax regime or minimum tax u/s 113 of Income Tax Ordinance 2001.

### 33 EARNINGS PER SHARE- BASIC AND DILUTED

Profit for the year-Rupees	40,942,925	16,372,696
Weighted average number of ordinary shares outstanding during the year-Numbers	15,553,174	15,553,174
Earnings per share -Rupees	2.63	1.05

### 34 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties have been disclosed in the relevant notes to the financial statements.

### 35 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

35.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive, working directors and executive of the company is as follows:

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVE	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees	2018 Rupees	2017 * Rupees
Basic salary	5,100,000	3,935,933	5,100,000	3,935,933	-	-
Re-imbursable expenses	500,000	364,067	500,000	364,067	-	-
	5,600,000	4,300,000	5,600,000	4,300,000	-	-
No. of persons	1	1	1	1	-	-

\* Comparatives have been amended to reflect changes in the definition of executive as per the Companies Act, 2017. (Gross salary increased from Rs. 0.5 million to Rs. 1.2 million).

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

35.3 No remuneration is paid to any other director.

### 36 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities	2018 Rupees	2017 Rupees
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Long term deposits and prepayments	20,851,231	20,851,231
Trade debts	61,349,349	50,600,795
Accrued interest	7,041	6,579
Due from Government	72,658,806	126,888,151
Cash and bank balances	24,439,456	4,978,265
	179,305,883	203,325,021
<b>Financial liabilities</b>		
<b>Financial liabilities at amortized cost</b>		
Trade and other payables	94,054,529	116,554,040
Payable to provident fund	367,284	410,482
Deposits, accrued liabilities and advances	16,181,663	12,346,456
Unclaimed dividend	594,836	508,826
Accrued interest and markup	572,838	717,925
Loan from banking companies	520,089	36,886,265
Loan from related parties	74,143,652	57,343,652
	186,434,891	224,767,646

### 37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

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

### 37.1 Credit Risk

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

	2018 Rupees	2017 Rupees
Long term deposits	20,851,231	20,851,231
Trade debts	61,349,349	50,600,795
Loans and advances	7,843,853	33,291,514
Interest accrued	7,041	6,579
Bank balances	24,336,591	4,848,108
	<u>114,388,065</u>	<u>109,598,227</u>

Geographically there is no concentration of credit risk.

#### Credit Quality of Financial Assets

Foreign trade debts are secured against confirmed letter of credit. The company has placed funds in financial institutions keeping in view credit ratings. The company assesses the credit quality of the counter parties as satisfactory. The company does not hold any collateral as security against any of its financial assets except foreign debtors, if any.

The aging of trade debts at the reporting date was:

	Gross 2018 Rupees	Gross 2017 Rupees
Upto 1 month	48,624,076	47,208,926
1 to 6 months	12,725,273	3,384,563
More than 6 months	-	7,306
	<u>61,349,349</u>	<u>50,600,795</u>

Cash at banks	Rating		Rating Agency	2018	2017
	Short Term	Long Term			
				-----Rupees-----	
Habib Bank Limited	A-1+	AAA	JCR-VIS	14,701	35,520
National Bank Limited	A1+	AAA	PACRA	8,874,339	378,092
Mcb Bank Limited	A1+	AAA	PACRA	10,678	15,292
Bank Al Habib Limited	A1+	AA+	PACRA	890,843	81,203
Askari Bank Limited	A1+	AA+	PACRA	67,702	2,544
The Bank Of Punjab	A1+	AA	PACRA	461,433	7,547
Bank Islami Pakistan Limited	A1	A+	PACRA	6,928	6,763
Bank Alfiah Limited	A1+	AA+	PACRA	11,335,423	2,479,079
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	463,659	660,872
Meezan Bank Limited	A-1+	AA+	JCR-VIS	1,796,602	758,507
Allied Bank Limited	A1+	AAA	PACRA	362,314	399,169
Summit Bank Limited	A-1	A-	JCR-VIS	50,969	23,520
United Bank Limited	A-1+	AAA	JCR-VIS	1,000	-
				<u>24,336,591</u>	<u>4,848,108</u>

#### Credit Risk Management

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

### 37.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	2018			
	Carrying Amount	Contractual Cash Flows	Maturity up to one year	Maturity after one year
	R	u	p	e e s
Trade and other payables	94,054,529	94,054,529	94,054,529	-
Payable to provident fund	367,284	367,284	367,284	-
Deposits, accrued liabilities and advances	34,165,931	34,165,931	34,165,931	-
Unclaimed dividend	594,836	594,836	594,836	-
Accrued interest and markup	572,838	572,838	572,838	-
Loan from banking companies	520,089	520,089	520,089	-
Loan from related parties	74,143,652	74,143,652	74,143,652	-
	<u>204,419,159</u>	<u>204,419,159</u>	<u>204,419,159</u>	<u>-</u>
	2017			
	Carrying Amount	Contractual Cash Flows	Maturity upto one year	Maturity after one year
	R	u	p	e e s
Trade and other payables	116,554,040	116,554,040	116,554,040	-
Payable to provident fund	410,482	410,482	410,482	-
Deposits, accrued liabilities and advances	41,942,724	41,942,724	41,942,724	-
Unclaimed dividend	508,826	508,826	508,826	-
Accrued interest and markup	717,925	717,925	717,925	-
Loan from banking companies	36,886,265	36,886,265	36,886,265	-
Loan from related parties	57,343,652	57,343,652	57,343,652	-
	<u>254,363,914</u>	<u>254,363,914</u>	<u>254,363,914</u>	<u>-</u>

#### Liquidity Risk Management

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

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

### 37.3 Market Risk

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

#### 37.3.1 Currency Risk

The company is exposed to currency risk in respect of export sales, imports and resulting balances that are denominated in a currency other than functional currency. The company's exposure to currency risk as at the reporting date is as follows:

	2018		2017	
	Rupees	U.S., Chf \$ & Euro	Rupees	U.S. \$
Letter of credit and other payable	7,766,903	58,342	41,121,314	391,632
	<u>7,766,903</u>	<u>58,342</u>	<u>41,121,314</u>	<u>391,632</u>

The following significant exchange rates have been applied:

	Reporting date rate	
	2018	2017
U.S. Dollar to Rupee	121.60	105.0
EURO to Rupee	141.57	-
CHF Dollar to Rupee	122.32	-

#### Sensitivity analysis

At June 30, 2018, if Rupee had strengthened / weakened by 10% against U.S. Dollar with all other variables held constant, profit before taxation for the year would have been higher / (lower) by the amount shown below mainly as a result of foreign exchange gain / (loss) on translation of denominated financial liabilities and financial assets.

#### Effect on profit before taxation for the year:

	2018	2017
	---- R u p e e s ----	
U.S. Dollar to Rupee	<u>776,690</u>	<u>4,112,131</u>

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



### Foreign Currency Risk Management

Foreign currency risk arises mainly due to fluctuation in foreign exchange rates. The company also has transactional currency exposure. Such exposure arises from sales and purchases of certain materials by the company in currencies other than rupees. In appropriate cases, the management takes out forward contracts to mitigate risk where it is necessary.

#### 37.3.2 Interest Rate Risk

The company is exposed to interest rate risk in respect of its variable rate instruments. A 100 basis points increase in variable interest rates would have decreased profit by Rs.2,151 (2017: decreased profit by Rs.365,813). A 100 basis points decrease in variable interest rate would have had an equal but opposite impact on profit. This sensitivity analysis is based on assumption that all variables, with the exception of interest rates, remain unchanged.

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

#### 37.3.3 Price Risk

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

#### 37.4 Fair value of financial instruments

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

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

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

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

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

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

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

- 37.4.1** Certain categories of operating fixed assets (leasehold land and buildings on leasehold land) are carried at revalued amounts (level 2 measurement) determined by a professional valuer based on their assessment of the market values as disclosed in note 16 to these financial statements.

#### 37.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through short-term financing in addition to its equity. Total capital is calculated as equity as shown in the statement of financial position plus total debt. Total debts includes loan from banking companies and loan from related parties.

	2018	2017
	--- R u p e e s ---	
Total borrowings	74,663,741	94,229,917
Total equity	830,308,523	820,596,655
	<u>904,972,264</u>	<u>914,826,571</u>
<b>Gearing ratio</b>	8%	10%

#### 38 VARIATION OF SHAREHOLDERS RIGHTS

Shareholder of B-class shares will not participate in dividends unless a minimum 10 % of dividend is paid to shareholders of A-class shares and will not exercise voting rights except when the management is found to be inefficient and debt servicing by the company becomes unsatisfactory.

#### 39 PLANT CAPACITY AND ACTUAL PRODUCTION

	2018	2017
<b>Cloth Processing</b>		
Rated capacity (meters)	57,600,000	57,600,000
Actual processing (meters)	33,102,772	34,176,404
Percentage	57.47%	59.33%
<b>Embroidery Processing</b>		
Rated capacity (meters)	7,377,857	7,095,600
Actual processing (meters)	6,095,284	4,589,658
Percentage of utilization of rated capacity	82.62%	64.68%
No. of working days	313	313

Under utilization of available capacity is due to different mélange of cloth and stitches per meter of embroidery cloth available for processing and unsustained supply of electricity and sui gas.

#### 40 PROVIDENT FUND RELATED DISCLOSURE

The following information are based on latest un-audited financial statements of the Fund:

Size of the fund-Total assets  
Cost of investment made  
Percentage of investment made  
Fair value of investment

Unaudited	
2018	2017
--- R u p e e s ---	
7,828,220	3,600,634
7,460,936	3,190,152
95%	89%
7,460,936	3,190,152.00

40.1 The breakup of fair value of investment is:

	2018		2017	
	Rupees	%	Rupees	%
Musharaka Saving Account	7,460,936	100%	3,190,152	100%

40.2 The investments in collection investment scheme, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of the Section 218 of the Companies Act, 2017 and condition specified there in.

40.3 During the year, the Company has made contribution amounting Rs. 2,451,970 to the provident fund trust and Rs. nil (2017: Rs. 131,899) in respect of profit on unpaid balance.

#### 41 OPERATING SEGMENT

41.1 These financial statements have been prepared on the basis of a single reportable segment.

41.2 All non-current assets of the company as at June 30, 2018 are located in Pakistan.

#### 42 RELATED PARTY TRANSACTIONS

Amount due to and from related parties are disclosed in the relevant notes. However, amount received during the year from the related party was Rs.16,800,000. (2017: Rs.22,755,000).

Transactions and amounts due to/from related parties are shown in the relevant notes to the financial statements except the followings:

Loan received from Mr. Faisal Tauheed, Chief Executive of the company  
Loan received from Mrs. Tahira Kashif, Director of the company  
Loan received from Mr. Kashif Tauheed, Director of the company  
Loan repaid to Mrs. Tahira Kashif, Director of the company

2018	2017
Rupees	Rupees
3,500,000	4,180,000
10,700,000	6,700,000
2,600,000	11,875,000
-	32,115,000
2018	2017
(-----N u m b e r-----)	
314	314
31	30
345	344
312	323
30	30
342	353

#### 43 NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

Average number of employees during the year

Factory employees  
Other employees

Number of employees as at June 30,

Factory employees  
Other employees

#### 44 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorized for issue on October 6, 2018 by the board of directors of the company.

#### 45 CORRESPONDING FIGURES

Corresponding figures have been rearranged/reclassified wherever needed for the purpose of better presentation, however, there were no material rearrangements except as mentioned below:

Reclassification from statement of financial position	Reclassification to statement of financial position	Rupees
Trade and other payables	Payable to provident fund	410,482
Trade and other payables	Deposits, accrued liabilities and advances	41,942,724
Trade and other payables	Unclaimed dividend	508,826
Short term borrowings	Loan from banking companies	36,886,265
Short term borrowings	Loan from related parties	57,343,652

#### 46 GENERAL

Figures have been rounded off to the nearest of rupee unless otherwise stated.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# Pattern of Shareholding

as at June 30, 2018

Number of shareholder			From	To	Shares held		
					Physical	CDC	Total
Physical	CDC	Total					
213	138	351	1	100	9,349	2,654	12,003
101	46	147	101	500	25,656	16,438	42,094
28	18	46	501	1,000	20,495	15,578	36,073
20	18	38	1,001	5,000	37,812	34,901	72,713
1	1	2	5,001	10,000	9,680	6,100	15,780
1	1	2	10,001	15,000	10,900	13,049	23,949
-	0	-	25,001	35,000		-	-
1	1	2	40,001	45,000	40,776	41,000	81,776
0	1	1	50,001	55,000		53,100	53,100
2		2	100,001	110,000	211,698		211,698
1		1	200,001	250,000	233,055		233,055
3		3	300,001	350,000	1,050,000		1,050,000
1		1	1,450,001	1,500,000	1,479,144		1,479,144
1		1	2,000,001	2,100,000	2,061,639		2,061,639
1		1	2,300,001	2,400,000	2,304,588		2,304,588
0	2	2	2,400,001	2,500,000		5,000,000	5,000,000
1		1	2,800,001	2,900,000	2,875,562		2,875,562
<b>376</b>	<b>226</b>	<b>602</b>			<b>10,370,354</b>	<b>5,182,820</b>	<b>15,553,174</b>

## Categories of Shareholders

	Number	Number of Shareholders	Percentage share held
1. Directors, Chief Executives, their spouse and minor children			
i Sh. Faisal Tauheed Puri	1	5,373,062	34.55
ii Sh. Kashif Tauheed Puri	1	4,020,144	25.85
iii Sh. Tauheed Ellahi Puri	1	107,500	0.69
iv Mst. Shahida Tauheed	1	115,098	0.74
v Mst. Saima Shahid	1	350,000	2.25
vi Mst. Amna Kamran	1	350,000	2.25
vii Mst. Sadia Kamran	1	350,000	2.25
viii Mst. Samira Faisal	1	2,304,588	14.82
ix Mst. Tahira Kashif	1	2,061,639	13.26
xi Mr. Shehzad Ehsan	1	2,500	0.02
xii Sh. Mustafa Tauheed	1	40,776	0.26
xiii Sh. Mahad Kashif	1	<b>233,055</b>	1.50
<b>Total</b>	<b>12</b>	<b>15,308,362</b>	<b>98.43</b>
2. Executives	-	-	-
3. Associated Companies, Undertaking & Related Parties	-	-	-
4. Investment Corporation of Pakistan	1	900	0.01
5. Mutual Funds	-	-	-
6. Banks, NBFC's, DFI's, Takaful, Pension Funds	-	-	-
8. Insurance Companies	1	59,200	0.38
9. Joint Stock Companies, Corporate Bodies, Trust etc.	5	5,000	0.03
10. General Public	579	179,592	1.15
11. Others	4	120	0.00
<b>GRAND TOTAL</b>	<b>602</b>	<b>15,553,174</b>	<b>100</b>

## Shareholders more than 5% shareholding

i Sh. Faisal Tauheed Puri	1	5,373,062	34.55
ii Sh. Kashif Tauheed Puri	1	4,020,144	25.85
iii Mrs. Samira Faisal	1	2,304,588	14.82
iv Mrs. Tahira Kashif	1	2,061,639	13.26

# Summary of Last Six Years Financial Results

Description	2018	2017	2016	2015	2014	2013
Turnover	857,472,765	821,570,202	709,705,001	671,950,183	588,619,243	522,512,061
Gross Profit	77,754,057	67,252,322	63,450,193	59,396,192	49,380,110	39,790,051
Operating Profit (Loss)	40,095,681	38,312,400	38,907,013	37,638,441	26,343,892	20,524,794
Profit/(Loss) before taxation	36,256,902	33,857,415	32,803,364	28,542,683	21,632,410	15,585,123
Profit/(Loss) after taxation	40,942,925	16,372,696	34,599,550	13,024,443	8,980,538	7,831,660
<b>Balance Sheet</b>						
Shareholders equity	155,531,740	155,531,740	155,531,740	155,531,740	155,531,740	11,109,410
Unappropriated profit/(loss)	118,833,951	89,555,907	73,183,211	38,561,081	25,021,743	18,969,456
Surplus on revaluation of fixed assets	481,279,091	481,279,091	481,279,091	176,329,091	176,329,091	176,329,091
Tangible fixed assets	698,302,348	715,761,336	716,605,630	387,258,041	355,486,469	330,811,041
Net Current Assets	244,700,792	262,947,912	250,254,755	170,593,735	217,382,847	121,435,908
Earning per share before tax	2.34	2.18	2.11			
Earning per share after tax Share break-up value	2.63	1.05	2.22	0.84	3.88	7.05
<b>Significant Ratios:</b>						
Gross Profit %	9.07	8.19	8.94	8.84	8.39	7.62
Operating profit to sales	4.68	4.66	5.48	5.60	4.48	3.93
Profit before tax to sales	4.23	4.12	4.62	4.25	3.68	2.98
Profit after tax to sales	4.77	1.99	4.88	1.94	1.53	1.50
Return on equity	26.32	10.53	22.25	8.37	5.77	70.50
Current Ratio	1.20	1.03	0.99	1.10	1.34	1.39

جائزہ اور ان کے ازالے اور اس میں کمی کے لئے اقدامات شروع کرنے کی سفارش کرنا۔

(س) بورڈ آف ڈائریکٹرز کو بیرونی آڈیٹرز کی تقرری، ان کو ہٹانے، آڈٹ فیس، اور آڈٹ اور اس کے مالیاتی بیانات کے علاوہ بیرونی آڈیٹرز کی جانب سے کمپنی کیلئے انجام دی جانے والی کسی بھی جائزہ خدمت کی فراہمی کی سفارش کرنا۔

(ش) کسی بھی دیگر مسئلے یا معاملے پر غور کرنا جو بورڈ آف ڈائریکٹرز کی جانب سے تفویض کیا گیا ہو۔

انسانی وسائل وادائیگیوں سے متعلق کمیٹی

کوڈ آف کارپوریٹ گورننس کے ضوابط کی پاسداری کرتے ہوئے بورڈ کی جانب سے کمیٹی ہذا کو تشکیل دیا گیا ہے جو کہ تین ممبران پر مشتمل ہے جن میں سے دو ممبران غیر انتظامی ڈائریکٹرز ہیں جن میں سے ایک چیئرمین ہے جبکہ تیسرا ممبر ایک آزاد ڈائریکٹر ہے۔ کمیٹی کے ممبران کو ان کے کام کی شرائط سے بذریعہ بورڈ باقاعدہ آگاہ کیا جا چکا ہے۔

شرائط و ضوابط - کمیٹی کی شرائط و ضوابط یہ ہیں۔

(الف) ڈائریکٹرز (ایگزیکٹو اور غیر ایگزیکٹو دونوں اور انتظامیہ کے سینئر اراکین) کا معاوضہ طے کرنے کیلئے ایک پالیسی فریم ورک پر غور و غوض اور اس کی منظوری کیلئے بورڈ کو سفارشات پیش کرنا۔

(ب) براہ راست یا بیرونی آزاد کنسلٹنٹ (consultant) کے ساتھ مل کر مجموعی طور پر بورڈ کی اور اس کی کمیٹیوں کی کارکردگی کی جانچ کے لئے سالانہ بنیاد پر ایک باقاعدہ لائحہ عمل اپنانا

(ج) بورڈ کو افرادی قوت سے متعلق انتظامی پالیسیوں پر سفارشات پیش کرنا۔

(د) بورڈ کو چیف آپریٹنگ آفیسر، چیف فنانس آفیسر، سیکرٹری اور داخلی آڈٹ کے سربراہ کے انتخابات، جانچ ترقی، معاوضے (بشمول ریٹائرمنٹ پر ادائیگیوں) سے متعلق سفارشات پیش کرنا۔

(ه) چیف ایگزیکٹو آفیسر یا چیف آپریٹنگ آفیسر کو براہ راست جواب دہ کلیدی انتظامی عہدہ داروں سے متعلق ایسے امور پر، جن کی چیف ایگزیکٹو آفیسر، غور کرنا اور ان کی منظوری دینا۔

(و) جہاں بھی (HR & R) کنسلٹنٹ حضرات مقرر کئے گئے ہیں، کمیٹی ان کی اسناد دیکھے گی اور ان سے ایک بیان لے گی کہ آیا ان کا کمپنی کے ساتھ کوئی اور تعلق ہے۔

ڈائریکٹروں کی لئے ترقیاتی پروگرام

شیخ فیصل توحید اور شیخ کاشف توحید ڈائریکٹرز نے ٹریننگ ICAP سے پروگرام پہلے ہی مکمل کر لیا تھا۔ تین ڈائریکٹرز مسٹر شہزاد احسان، مسز سمیرا فیصل، اور مسز طاہرہ کاشف نے اس سال ICMA سے پروگرام مکمل کیا ہے۔

ترتیب حصص داری

دستاویزات برائے ترتیب حصص داری بمطابق 30 جون 2018 مطلوبہ زیر تحت کمپنیز آرڈیننس 1984 اور کوڈ آف کارپوریٹ گورننس رپورٹ ہذا پیش کی جا رہی ہے۔

ڈائریکٹروں، سی ای او، سی ایف او، کمیٹی سیکرٹری، اندرونی آڈٹ کے سربراہ اور ان کے ازواج یا نابالغ بچوں کی جانب سے دوران سال کمپنی کے حصص میں مندرجہ ذیل خرید و فروخت ہوئی ہے۔

نام	خریدے گئے حصص کی تعداد	بیچے گئے حصص کی تعداد
شیخ فیصل توحید	-	2,500
مسز سعدیہ کامران	144,573	-
مسٹر شہزاد احسان	2,500	-
شیخ محمد کاشف	19,1627	-

اظہار تشکر

ہم تمام حصص داران، صارفین، سپلائروں اور ملازمین کی جانب سے بھرپور حمایت کو تسلیم کرتے ہیں اور تہدول سے ان کے مشکور ہیں۔



شیخ کاشف توحید

ڈائریکٹر

شیخ فیصل توحید

چیف ایگزیکٹو

اکتوبر 2018,06

سلسلے میں نظر ثانی کرنے، اندرونی سسٹم کو کنٹرول کرنے اور رسک مینجمنٹ اور آڈٹ کے طریقہ کار پر نظر رکھنے جیسے امور میں معاونت کرتی ہے۔ اس کمیٹی کو اختیارات حاصل ہیں کہ یہ انتظامیہ سے معلومات حاصل کرے اور ضرورت پرنے پر بیرونی آڈیٹروں سے بھی مشورہ کر سکے۔ مدعو کئے جانے پر چیف فنانشل آفیسر بورڈ آڈٹ کمیٹی اجلاسوں میں باقاعدہ شرکت کرتا ہے اور ان اجلاسوں میں محاسبی سے، متعلق امور پر بریکنگ بھی دیتا ہے۔ ہر اجلاس کے بعد کمیٹی کا چیپرمین بورڈ کے سامنے رپورٹ پیش کرتا ہے۔ آڈٹ کمیٹی دو غیر انتظامی ڈائریکٹروں اور ایک آزاد ڈائریکٹر پر مشتمل ہے، آزاد ڈائریکٹر بطور چیپرمین بھی خدمات سرانجام دیتے ہیں۔

دوران سال آڈٹ کمیٹی کے چار (4) منعقد کئے گئے۔ ان اجلاسوں میں ممبران کی حاضری درج ذیل ہے:

ڈائریکٹرز	اجلاس میں حاضری
مسٹر شہزاد احسان	4
مسز آمنہ کامران	4
مسز سعدیہ کامران	4

آڈٹ کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے ممبران کی رخصت منظور کر لی گئی تھی۔  
شرائط و ضوابط۔ آڈٹ کمیٹی کی شرائط و ضوابط یہ ہیں۔

- (الف) کمپنی کے اثاثہ جات کی حفاظت کیلئے موذوں اقدامات کا عزم۔
- (ب) بورڈ آف ڈائریکٹرز کی منظوری سے قبل، کمپنی کے سالانہ اور عبوری مالیاتی بیانات کا جائزہ جس میں درج ذیل پرتوجہ دی
  - (i) فیصلہ سازی کے بڑے شعبے۔
  - (ii) آڈٹ کے نتیجے میں قبل ذکر ترمیمی اقدامات۔
  - (iii) منافع بخش ادارے کا تصور۔
  - (iv) اکاؤنٹنگ پالیسیوں اور طرز عمل میں کسی قسم کی تبدیلیاں۔
  - (v) قابل اطلاق مالیاتی معیارات پر عمل درآمد
  - (vi) لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) قواعد 2017 اور دیگر قانونی ریگولیٹری تقاضوں پر عمل درآمد۔
  - (vii) متعلقہ (Related) پارٹیسوں سے لین دین کے تمام معاملات۔
- (ج) نتائج کے ابتدائی اعلانات کا کمپنی سے باہر ترسیل اور اشاعت سے قبل جائزہ۔
- (د) بیرونی آڈٹ کو سہولت فراہم کرنا اور بیرونی آڈیٹرز کے ساتھ عبور اور حتمی آڈٹ سے اٹھنے والے اہم اعتراضات اور کسی بھی ایسے معاملے پر جو آڈیٹرز جاگ کر ناچاہتے ہوں (انتظامیہ کی غیر موجودگی میں جہاں ضروری ہو) تبادلہ خیال کرنا۔
- (ہ) بیرونی آڈیٹرز کی جاری کردہ انتظامیہ کے نام خط اور اس پر انتظامیہ کے جواب کا جائزہ۔
- (و) کمپنی کے داخلی اور بیرونی آڈیٹرز کے درمیان ہم آہنگی کو یقینی بنانا۔
- (ز) داخلی آڈٹ پلان، رپورٹنگ کے ڈھانچے اور طریقہ جات کے دائرہ کار اور دائرہ عمل کا جائزہ لینا، اور اس بات کو یقینی بنانا کہ داخلی آڈٹ کے کام کے لئے کافی وسائل موجود ہیں اور انہیں کمپنی کے اندر موزوں طور پر فراہم کیا گیا ہے۔
- (ح) فراڈ، بدعنوانی، اور اختیارات کے نام جائزہ استعمال کی سرگرمیوں کی اندرونی تفتیش کے اہم نتائج اور ان پر انتظامیہ کے رد عمل پر غور۔
- (ط) اس بات کو یقینی بنانا کہ داخلی کنٹرول کے نظام بشمول مالیاتی اور آپریشنل کنٹرولز، خریداریوں اور فروخت کی بروقت اور موزوں ریکارڈنگ کا اکاؤنٹنگ نظام، وصولیاں اور ادائیگیاں، اثاثہ جات اور واجبات رپورٹنگ کا ڈھانچہ موزوں اور موثر ہے۔
- (ی) بورڈ آف ڈائریکٹرز کی توثیق اور داخلی آڈٹ رپورٹس سے قبل داخلی کنٹرول کے نظاموں کے بارے میں کمپنی کے بیان کا جائزہ۔
- (ک) چیف ایگزیکٹو آفیسر کے مشاورت سے خصوصی منصوبوں، مالی اسٹیڈیز کی اہمیت یا بورڈ آف ڈائریکٹرز کی جانب سے نشاندہی کردہ کسی بھی دیگر معاملے پر تفتیش شروع کرنا اور کسی بھی معاملے کی بیرونی آڈیٹرز یا کسی دیگر بیرونی ادارے کو ترسیل۔
- (ل) متعلقہ قانونی تقاضوں پر عمل درآمد کا عزم۔
- (م) لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) قواعد 2017 پر عمل درآمد کی نگرانی اور ان کی نمایاں خلاف ورزیوں کی نشاندہی۔
- (ن) مالیاتی یا دیگر امور میں اصل یا ممکنہ غلطیوں کے بارے میں، اگر کوئی تحفظات ہیں تو انہیں رازداری میں آڈٹ کمیٹی کو رپورٹ کرنے کے لئے عملی اور انتظامیہ کے لئے کئے گئے انتظامات کا

آپ کی کمپنی ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے کمپنی کیلئے دن رات خدمات سرانجام دینے والے ملازمین، کمپنی کے ارگرد آباد لوگوں اور مجموعی طور پر پورے معاشرے کے ضمن میں خود پر عائد ہونے والی معاشرتی ذمہ داریوں سے بخوبی آگاہ ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز امین مدرٹھ اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائرڈ ہونے جارہے ہیں۔ اور اپنی اہلیت کی بنیاد پر انہوں نے ایک مرتبہ پھر تعیناتی کیلئے کمپنی کو اپنی خدمات پیش کی ہیں۔ کمپنی کے بورڈ کی آڈٹ کمیٹی کی جانب سے بھی ان کی بطور قانونی آڈیٹرز برائے کمپنی آڈیٹرز برائے کمپنی برائے مالی سال 2019 جون 30 کی تعیناتی کیلئے سفارش کی گئی ہے اور بورڈ کی جانب سے بھی آڈٹ کمیٹی کی سفارش کی توثیق کر دی گئی ہے۔

کارپوریٹ اور مالیاتی رپورٹ کا دائرہ کار

بورڈ ممبران انتہائی مسرت کے ساتھ اس بات کا اعلان کرتے ہیں کہ آپ کی کمپنی کی انظامیہ بہتر سے بہتر کارپوریٹ گورننس کی خواہاں ہے اور اس ضمن میں بہترین روایات پر عمل پیرا رہنے کیلئے کوشاں ہیں۔

کوڈ آف کارپوریٹ گورننس کی پاسدار کے سلسلے میں ڈائریکٹرز کی انتہائی مسرت کے ساتھ اس بات کا اعلان کرتے ہیں کہ:

- کمپنی کی جانب سے تیار کردہ مالیاتی دستاویزات صحیح انداز سے کمپنی کے معاملات، کاروباری نتائج، نقد رقوم کی ترسیل اور سرمایہ پر مبنی حصص میں کی نمائندگی کرتی ہیں۔
- کمپنی کی جانب سے تمام کھاتوں کو باقاعدہ محفوظ کیا جاتا ہے۔
- مالیاتی دستاویزات کی تیاری میں مستقبل بنیادوں پر اکاؤنٹنگ کی مناسب پالیسیوں پر عمل کیا جا رہا ہے اور تمام محاسبی تخمینے قرین قیاس ہیں۔
- پاکستان میں مستعمل انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کی مکمل پاسداری کرتے ہوئے مالیاتی دستاویزات تیار کی گئی ہیں۔
- کمپنی کے اندرونی کنٹرول سسٹم کو جامع اور موثر انداز سے نافذ کیا گیا ہے۔ اور اسکی مستقل بنیادوں پر نگرانی اور اصلاح کی جاتی ہے۔ اندرونی کنٹرول کے نظام کو مزید مضبوط اور موثر بنانے کی غرض سے اسکی مستقل مانیٹرنگ کی جاتی رہے گی۔
- اس سلسلے میں کسی بھی قسم کے شک کی کوئی گنجائش موجود نہیں ہے کہ کمپنی اپنی کاروباری سرگرمیوں کو پیشگی کی بنیاد پر آئندہ بھی جاری رکھے گی۔
- کمپنی کے کاروبار اور مالیاتی افعال سے متعلق گزشتہ چھ برسوں کی اہم ترین معلومات کو رپورٹ ہذا میں پیش کیا گیا ہے۔
- کارپوریٹ گورننس کی بہترین روایات جن کی تفصیلات لسٹنگ قواعد میں درج ذیل ہیں سے کسی بھی قسم کو قابل ذکر و گردانی نہیں کی گئی۔
- کمپنی نے اپنے ورکروں کو پراویڈڈ فنڈ کا آغاز کر دیا ہے۔ ماہانہ کنٹری بیوشن دونوں مالکان اور ملازمین فنڈ میں ڈالتے ہیں۔ کمپنی کا کنٹری بیوشن اس کے نفع نقصان کاؤنٹ کو چارج کر دیا جاتا ہے۔ جمع شدہ فنڈز 746095746095 بنک میں انوسٹ کیا گیا ہے۔
- کمپنی کے ذمے ٹیکسوں، ڈیوٹیوں، لیویز اور دیگر واجبات میں ان واجبات کے علاوہ اور کوئی واجبات نہیں ہیں جنہیں مالیاتی دستاویزات میں بیان کی جا چکا ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

بورڈ کی جانب سے دوران سال 10 اجلاس منعقد کئے گئے، ان اجلاسوں میں متعلقہ ڈائریکٹروں کی حاضری ذیل میں پیش کی جا رہی ہے:

ڈائریکٹرز	اجلاس میں حاضری
شیخ فیصل توحید	10
شیخ کاشف توحید	10
مسز سمیرا فیصل	10
مسز طاہرہ کاشف	10
شہزاد احسان	10
مسز سعیدہ کامران	08
مسز آمنہ کامران	10

اجلاسوں میں شرکت نہ کرنے والے ڈائریکٹروں کی رخصت منظور کر دی گئی تھی۔

بورڈ آف آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کے نفاذ کے دن سے ہی آڈٹ کمیٹی برائے بورڈ قائم ہے۔ آڈٹ کے کام کی شرائط کو بورڈ کی جانب سے لسٹنگ قواعد اور کوڈ آف گورننس میں مقرر ہدایات کے مطابق طے کیا جا چکا ہے۔ اس کمیٹی کا اجلاس ہر سہ ماہی میں کم از کم ایک مرتبہ منعقد کیا جاتا ہے۔ اور کمیٹی بورڈ کو اپنی ذمہ داریوں کو نبھانے، بنیادی طور پر حصص داران کو مالیاتی اور غیر مالیاتی معلومات فراہم کرنے کے



## ڈائریکٹرز کی جائزہ رپورٹ

ہم انتہائی مسرت کے ساتھ آپ کی کمپنی کی 68 ویں سالانہ رپورٹ بعد آڈٹ شدہ مالیاتی دستاویزات اور آڈیٹروں کی رپورٹ بابت 30 جون 2018 آپ کی خدمت میں پیش کر رہے ہیں۔  
صنعتی و کاروباری جائزہ

مقامی ٹیکسٹائل اور پروسیسنگ اور ایمبر ایڈری صنعت بمعہ آپ کی کمپنی سخت مسابقتی حالات سے دوچار ہے آپ کی کمپنی نے کامیابی سے معیار کو برقرار رکھا ہے۔ سال کے دوران سیل میں 15.76% فیصد اضافہ کرنے میں کامیاب ہوئی ہے۔ گراس پرافٹ بھی بہتر ہوا ہے۔ جو کہ 32.803 ملین سے بڑھ کر 33.857 ملین ہو گیا ہے۔

صنعتی و کاروباری جائزہ

%	2017	2018	
			روپے
4.37%	821.57	857.47	کاروباری سیل
5.62%	67.25	77.75	منافع قبل از ٹیکس
4.68%	38.31	40.10	آپریٹنگ منافع
7.09%	33.86	36.26	ٹیکس سے پہلے منافع
150%	16.37	40.94	منافع بعد از ٹیکس
150%	1.05	2.63	منافع فی حصص

کمپنی کی سیل پچھلے سال 821.57 ملین سے بڑھ کر 857.47 ملین ہو گئی ہے۔ گراس منافع 77.75 ملین ہے جو کہ پچھلے سال سے 15.62% زیادہ آپریٹنگ منافع 40.10 ملین ہے جو کہ پچھلے سال سے 4.68% زیادہ ہے۔ منافع آگم ٹیکس سے پہلے 36.26 ملین ہے جو کہ پچھلے سال سے 7.09% زیادہ ہے اس طرح منافع بعد از ٹیکس 40.94 ملین ہے جو پچھلے سال سے 15.0% زیادہ ہے۔

مستقبل کے چیلنجز

کمپنی کو اندازہ ہے کہ ملک کو معاشی اور سیاسی حالات کت پیش نظر قیمتوں میں اضافہ ہوگا اور ملکی کرنسی پر پریشر آئے گی۔ حال ہی میں ملکی روپے میں 6.22% کی کمی آئی ہے اور منافع میں کمی کا پریشر ہوگا۔

ہمیں پورا یقین ہے کہ کمپنی کا مستقبل روشن ہے اور متوقع ہے کہ کپڑے کی پروسیسنگ اور ایمبر ایڈری کی ڈیمانڈ میں اضافہ ہوگا ہم اپنی لاگت کو مزید کنٹرول کرنے کی کوشش کر رہے ہیں۔ تاکہ مستقبل میں ہمیں زیادہ سے زیادہ منافع کمائیں۔

ڈیوڈنڈ

ڈائریکٹرز نے مالی سال 30 جون 2018 کو ڈیوڈنڈ نہ دینے کی سفارش کی ہے۔

قومی خزانے میں کٹری بیوٹن

آپ کی کمپنی نے ذمہ داری مھوس کرتے ہوئے قومی خزانے میں سیلز ٹیکس، آگم ٹیکس، کسٹم ڈیوٹی کی مدد میں 25.25 ملین ادا کیے ہیں جبکہ پچھلے سال 24.10 ملین جمع کروائے تھے۔

انسانی وسائل کی مینجمنٹ اور ملازمین کے ساتھ رشتہ

انتظامیہ کا پختہ یقین ہے کہ ہمارے ملازمین ہمارا سب سے قیمتی اور ضروری اثا یہ ہیں۔ ملازمین کو برقرار رکھنے کی کمپنی کی پالیسی سب سے بہترین اور بے نظیر ہے۔ اپنے قائدانہ مقام کو برقرار رکھنے کے لیے ہم ہر سطح پر سب سے بلند صلاحیت کی حوصلہ افزائی اور لوگوں کے لیے کمپنی کو سب سے پسندیدہ منزل کی خواہش بنانے کے لیے کوشاں ہیں۔ کمپنی اپنے موجودہ ملازمین کی کارکردگی اور حوصلہ افزائی کے ذریعے ترقی کے لیے کوشاں ہے۔ ہمارا انسانی وسائل کا شعبہ باصلاحیت ملازمین کی نشاندہی کے لیے مختلف ذرائع استعمال کرتا ہے اور ان کے مزید نکھار کے لیے مختلف تربیتیں فراہم کرتا ہے۔ انتظامیہ اپنے اعلیٰ صلاحیت کے پروفیشنل کی پرجوش جماعت کے ساتھ پُر اعتماد ہے کہ اللہ کی رحمت سے ہمارا کاروبار ملکی اور بین الاقوامی منڈیوں میں مزید پھیلے پھولے گا۔

ہم واضح اختیاراتی قابو، پالیسیوں، طریقوں اور نظاموں کے ذریعے کاروبار کی ضروریات کو پورا کرنے کے لیے ڈھانچے اور طریقوں کی ترقی کے لیے مضبوطی کے ساتھ عمل پیرا ہیں۔ شفاف صلاحیتی انتظام کے نظاموں اور طریقوں کے ساتھ انعام و تسلیم کا عمل جاری و ساری ہے۔

ملازمین کے مصروفیات اور فلاحی سرگرمیوں کا مقصد ان کی رغبت اور ترقی ہے۔ یہ سرگرمیاں ہمارے لوگوں کی ترقی اور حوصلہ افزائی کرتی ہیں۔ کمپنی اپنے ملازمین کے لیے مستقل فلاحی حکمت عملی رکھتی ہے۔ سال کے دوران 3 ملازمین کو کمپنی کے خرچہ پر جج پربھیجا گیا۔ میڈیکل کی سہولت اور فرسٹ ایڈ کی سہولت ورکرز کو مہیا کی جاتی ہے۔ ورکرز کی عبادت کیلئے مسجد بنائی گئی ہے۔ ورکرز کیلئے کھیلوں کی سہولت میسر ہے اور کرکٹ ٹورنامنٹ منعقد کیئے جاتے ہیں۔

# نمائندگی کا فارم (پراکسی فارم)

میں رہم

کے

دی نیشنل سلک اینڈ ریان ملز لمیٹڈ کے رکن اور عام شیئر کے حامل کی حیثیت کے

(شیئرز کی تعداد)

رجسٹر کا فولیو نمبر

اور ریسی ڈی سی فولیو کا آئی ڈی نمبر

اور ذیلی اکاؤنٹ نمبر،

یا

کو کمپنی کے 68 واں سالانہ عام اجلاس جو ہفتہ، 27 اکتوبر 2018 کو سہ پہر 4 بجے بلیننگ بینک ٹوٹ ہال، 9 سوک سنٹر، جوہر ٹاؤن، ایل ڈی اے آفس، لاہور میں منعقد ہوگا، میں میرے/ہمارے لئے اور میری/ہماری طرف سے بحیثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں/کرتے ہیں۔

گواہ: 2

گواہ: 1

دستخط

نام

پتہ

سی این آئی سی نمبر

نوٹ: پراکسی فارم/نمائندگی فارم کو موثر ہونے کے لیے سالانہ اجلاس سے کم از کم 48 گھنٹے پہلے موصول ہونا ضروری ہے۔ اور اس پر دستخط، ریپونڈنٹ اور شہادت ہونا ضروری ہے۔

# FORM OF PROXY

Folio No.

I/WE \_\_\_\_\_

Of \_\_\_\_\_

Being a member of The National Silk & Rayon Mills Limited hereby appoint  
\_\_\_\_\_ (Name)

Of \_\_\_\_\_

(Another member of the) failing him  
\_\_\_\_\_ (Name)

Of \_\_\_\_\_

(Another member of the Company) to attend, act and vote for me and on my/our behalf at the Sixty eighth Annual General Meeting of the Shareholders of The National Silk & Rayon Mills Limited will be held at Blessing Banquet Hall, 9-Civic Centre, Johar Town, LDA Office, Lahore on 27th day of October 2018 at 4.00 p.m. and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature on  
Revenue Stamp  
of Correct Value

(Signature should agree with the specimen  
Signature registered with the Company)

Date: \_\_\_\_\_

**NOTE:**

Proxy form must be signed across a correct value Revenue Stamp and it should be deposited in the Registered Office of the company not later than 48 hours before time of holding the meeting.



# ***The National Silk & Rayon Mills Ltd.***

Manufacturers & Exporters of Quality Textile Products

## ANNUAL REPORT 2018

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