38th

ANNUAL REPORT

2019

CONTENTS

Company Information

Chairperson
Mrs. Neelum Sohail Shaikh

Board of Directors / Chief Executive
Sohail Farooq Shaikh

Directors
Farrukh Haroon Rashid
Mrs. Neelum Sohail Shaikh
Mrs. Sadia Mohsin
Mr. Shahmeer Shaikh
Mr. Saleem Asghar Mian
Mr. Syed Ibrahim Ahmad

Audit Committee
Mrs. Sadia Mohsin
Mrs. Neelum Sohail Shaikh
Farrukh Haroon Rashid

HR and Remuneration Committee (Name of members and Chairperson)
Chairperson – Mrs Sadia Mohsin Shaikh
Mr. Sohail Farooq Shaikh
Mr. Syed Ibrahim Ahmed

Company Secretary
Farzand Ali Khan Bangash

Chief Finance Officer
Mohammad Amjad Iqbal

Share Registrar
Corplinks (Pvt) Ltd., Lahore

Auditors
Horwath Hussain Chaudhury & Co
Chartered Accountants, Islamabad

Registered Office
14-B, Civil Lines, Rawalpindi

Factory
Kabul River Railway Station
Mardan Road, Khyber Pakhtunkhwa

Vision

To excel in delivering highest standards quality
Jute products to customers as per
Their customized needs.

Mission Statement

To transform Company into a modern and dynamic Jute Industry and to provide quality products to consumers and explore new markets to promote / extend sale of the Company's products through good governance and foster a sound and dynamic team, so as to achieve optimum profitablity

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that Annual General Meeting of Suhail Jute Mills Limited will be held on Wednesday 27 Nov. 2019 at 3:30 p.m. at the Registered Office of the Company, 14-B Civil Lines Rawalpindi, to transact the following as Ordinary business:

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Directors' and Auditors' Reports thereon.

2. To appoint auditors of the Company for the year ending June 30, 2020 and fix their remuneration. The present auditors, M/s Horwath Hussain Chaudhry Chartered Accountants, have consented to continue as Auditors and The Board of Directors, based on the recommendation of Audit Committee, has recommended their re-appointment as auditors of the Company, for the year ending June 30, 2020.

3. To discuss any other matter with the permission of the Chair.

By Order of the Board of Directors
Company Secretary

Rawalpindi Dated: October 28, 2019

1. The Annual Report containing the Annual Audited Financial Statements for the year ended June 30, 2019 is also available on the Company's website.

NOTES

1. The Register of Members will remain closed from November21 2019 to November 27 2019 (both days inclusive). The Members whose names appear on the Register of Members as on November 20, 2019 shall be entitled to attend and vote at the AGM
2. A member entitled t o attend, speak and vote at the meeting shall also be entitled to appoint his/her proxy to attend, speak and vote instead of him/her. and a proxy so appointed shall have such rights with respect to attending, speaking and voting. The Instrument of Proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarized certified copy of that Power of Attorney or authority, in order to be effective, must be received by the Company at least 48 hours before the meeting. A proxy need not be a member of theCompany. The Form of Proxy is enclosed with this notice. Members may request participation through Video link in terms of SECP Circular No.10 of 2014, read with Section 134(1)(b) of the Companies Act 2017.
3. Any company or other body corporate which is a member of the Company may, by resolution of its Directors, or proxy signed by authorized officers, authorize any of its officials or any other person to act as its representative at the meeting and the person so authorized shall be entitled to exercise the same powers as if he/she were an individual member of the Company.
4. Individual members who have lodged their shares at the Central Depository Company (CDC), desiring to attend the meeting are requested to bring their original Computerized National Identity Cards (CNICs) along with the Investor Account or Participant ID and House Account/ Sub-Account numbers, for identification purposes, whereas, in case of corporate member, the resolution of Board of Directors / Power of Attorney with specimen signature of the nominee may preferably be provided to the Company well in advance or otherwise produced at the time of meeting.
5. Members are requested to notify any change of their registered address, if any, immediately, but before the first day of book closure, to the Company Secretary.
6. Pursuant to Section 242 of the Companies Act, 2017 [the Act] read with relevant provisions of the Companies (Distribution of Dividends) Regulations, 2017 [the Regulations], all listed companies have been mandated to pay dividend directly into the bank accounts of entitled shareholders, as designated by them. Please provide bank account details at the earliest.

REVIEW REPORT OF THE CHAIRPERSON
FOR THE YEAR ENDED 30 JUNE 2019

I am pleased to present my review report for the year ended 30 June 2019.

It is to be noted that the Company continues to be in a non-operational state. As such there are no day to day commercial activities. The Company is in a transitional stage having completed a merger and following through on the Merger Plan that was approved as the basis of the merger as a precursor to re commencing normal business activity.

Notwithstanding this, I am pleased to report that the Board has fully participated in the company's efforts to return to the path of commercial production and operations.

The Board studied and endorsed the call for an extraordinary general meeting so as to pass a special resolution authorising the company to dispose off identified surplus assets in order to generate funds to pay off pressing liabilities in an orderly fashion and raise working capital to re start commercial operations.

To ensure transparency, the Board constituted a committee of Directors to supervise the disposal of said assets in a transparent fashion. The Directors on the Committee have been closely involved in all aspects of the origination of expressions of interest and negotiation with parties who have expressed interest in acquiring the assets being disposed off.

The entire Board has been kept apprised of the ongoing developments in a timely fashion.
Directors' attendance and participation has been satisfactory.

Despite the limited scope of activity the Board played an effective role in contributing to achieving the objectives of the Company.

I have circulated a policy defining and describing separate roles for the Chief Executive and Chairperson.

I look forward to an improvement in the Company's overall state of affairs, once funds have been generated from the disposal of surplus assets and the company is able to recommence commercial production.

I wish to thank the Directors for their contribution and cooperation in ensuring the smooth and effective functioning of the Board.

RAWALPINDI, 28 OCTOBER 2019

NEELUM SOHAIL SHAIKH
CHAIRPERSON

DIRECTORS REPORT TO THE MEMBERS
FOR THE YEAR ENDED 30 JUNE 2019

We are please to present to the shareholders the Directors Report for the period.

The following persons served on the Board of the Company during the financial year

NAMES OF DIRECTORS-

S. NO	Name	Current status	Total Meeting	Attend Meeting
1	SOHAIL FAROOQ SHAIKH	CEO	8	8
2	NEELUM SOHAIL SHAIKH	CHAIRPERSON	8	6
3	SADIA MOHSIN	DIRECTOR	8	5
4	FARRUKH HAROON RASHID	DIRECTOR	8	6
5	SHAHMEER SHAIKH	DIRECTOR	8	8
6	SALEEM ASGHAR MIAN	NOMINATED AS INDEPENDENT DIRECTOR	2	2
7	SYED IBRAHIM AHMAD	NOMINATED AS INDEPENDENT DIRECTOR	2	2
8	NADIA SHAIKH	RESIGNED ON 6 May 2019	6	5
9	MAHIR MOHSIN	RESIGNED ON 6 May 2019	6	6

PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF THE COMPANY

It is important to take into consideration the size of the Company and its non-operational status and the fact that the Company is in a transitional phase post-merger with the possible benefits of the merger still not fully manifest.

The Company was unable to re-commence its commercial production due to the unavailability of working capital finance. As a result the Company is not considered as being a 'going concern' and has consequently presented its financial statements on a 'realizable basis'.

Subsequent to the completion of its merger with its former associated company, the Company has identified surplus assets that may be disposed off to repay Banks and other creditors and provide working capital finances to re-commence operations, as was envisaged in the Merger Plan approved by the Court in sanctioning the Merger.

The Company continued to incur administrative expenditure essential to safeguard its infrastructure, service its corporate and statutory obligations and to keep its existing plant and machinery in order. The entire amount of he funding required for this purpose was entirely met by funds provided by the principal shareholder, from personal resources.

During the year, the Company sought shareholder approval in the form of a special resolution to dispose off surplus assets. The Company has received expressions of interest for the assets and is in the process of negotiating the terms of disposal, under Board supervision. Management is hopeful that the disposal of assets will successfully take place in a reasonable period of time and the Company will be able to raise working capital.

PRINCIPAL RISKS AND UNCERTAINTIES

Needless to say, the fact that the Company has been non-operational for an extended period is subject to uncertainties and risks. The inordinate delay in the completion of the merger has also exacerbated the risk. These risks may be significantly offset by the availability of surplus assets that, when realized, are expected to be sufficient to meet its obligations and re -commence operations. The main risk faced by the company, is that the principal shareholder becomes unable sustain the funding that is required to keep the Company in existence with no other source of funding available. Management, continues to pro actively pursue the implementation of the merger plan as a means of overcoming these risks.and has taken steps to implement the plan primarily by identifying surplus assets and initiating a process whereby funds are generated by the disposal of assets.

CHANGES IN THE NATURE OF THE BUSINESS OR ITS SUBSIDIARIES

Apart from the developments disclosed above no changes have taken place.

The Company has no subsidiaries.

COMMENTS IN AUDITORS REPORT.

There are no adverse qualifications in the Auditors' Report. The reference to material uncertainty is in consonance with the view of management as disclosed in the Notes to the Accounts and by the presentation of the accounts on a realizable basis, rather than adopting an assumption that the Company is a 'going concern'.

PATTERN OF SHAREHOLDINGS IN THE FORM SPECIFIED

See Page Nos. 9 & 10

DOMICILE

The Company is a Pakistan domicile company and has no holding company.

EARNINGS (LOSS) PER SHARE

The Company incurred a loss of RS.$ 40.844 Million (RS 9.47 per share) during the year as compared to a loss of RS. 39.312 (RS. 9.07 per share) in the last financial year.

REASONS FOR LOSS AND PROSPECTS OF PROFIT

The losses have arisen because the Company has not been able re commence commercial production since its cessation of manufacturing operations in 2010. The operations were discontinued because of the extensive damage to the manufacturing facility by unprecedented floods and the subsequent non availability of working capital. The Company is hopeful that funds generated by the disposal of surplus assets will enable it to recommence commercial production, as envisaged in the Court approved Merger Plan. However, it is not possible to quantify or, specify the time horizon for this as it is entirely dependent on the outcome of the efforts to dispose off surplus assets, which is underway.

DEFAULTS IN DEBTS AND REASONS FOR DEFAULT

As detailed in the Financial Accounts, the Company is in default of its obligations to Financial institutions against which Decrees have been ordered and execution proceedings are being conducted in accordance with the law by the Courts of jurisdiction.

The Company defaulted on its obligations directly because of the damage to its assets and destruction of all its stocks by the Flood events of 2010. The stocks carried as collateral security for the working capital finance were destroyed by the flood waters leaving the company with the underlying debt outstanding. However, the lenders are adequately secured by mortgaged Assets, an arrangement that was put in place after the collateral stocks were lost due to the floods. The assets that are mortgaged against the said obligations are separate from those that have been identified as surplus assets and which are available for disposal.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company's internal financial controls are considered adequate in the circumstances. Due to its non-operational state and in the absence of any revenue source, all expenditure is being met by the principal shareholder from personal resources. This in itself presupposes close scrutiny of all outgoings.as to justifiable need and cost.

The Company has accounting systems that provide complete and accurate financial information on a timely basis.that serve to safeguard its assets, detect and prevent fraud and errors. Moreover, due to the prescribed statutory frameworks such as the IFRS, Directors refer to, approve and authenticate financial statements based on the principles and guidance provided by such frameworks.

MATERIAL POST CLOSING CHANGES

There have been no material changes or commitments that have occurred between the close of the financial year on 30 June 2019 and the date of this report.

SPECIAL DEVELOPMENT-

The Company had made every effort to open a specially designated bank account to hold the balance of the amount due to the participants of the discontinued provident fund, as directed by the SECP. In the absence of an existing Provident Fund entity / Trust, Banks had refused to open such an account. As a result, the Company decided to encash the units of the National Bank of Pakistan Liquid Government Securities Funds (a collective investment scheme) where the balance of the discontinued Provident Fund was segregated and held. The Company is in the process of reconciling the balances, so as to pay the former beneficiaries of the discontinued Provident Fund the amount standing in their names, from the proceeds of the redeemed units.

MAIN TRENDS AND FACTORS LIKELY TO EFFECT THE COMPANY

The main trends and factors likely to effect the development, performance and position of the business of the Company do not apply in our case as it is in a non-operational state. However, the factors that will effect the future outcome of the implementation of the asset disposal process under the Merger plan is dependent on the market demand for assets and the ability of buyers to conduct transactions.

ENVIRONMENTAL IMPACT

As there is currently no manufacturing activity by the company there is no exceptional, measure able impact on the environment.

CORPORATE SOCIAL RESPONSIBILITY

As the Company has not generated any revenue it has no funds available to deploy towards specific corporate social responsibility projects or programs. However it continues to fulfill its obligations to its employees and their families.

DIRECTORS RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROL

In so far as Directors' responsibility for adequacy of internal financial control is concerned it is reported that they approve and authenticate the financial information that is produced by the company's accounting system in an timely, complete and accurate fashion, based on the framework stipulated by International Financial Reporting Standards (IFRS), as prescribed.

They are also responsible for the company's adherence to policies and procedures that guard against fraud and errors as well as the safeguarding of assets.

STATEMENT OF COMPLIANCE - CORPORATE GOVERNANCE

The company has complied with the code of corporate governance in the following manner:

1. The total number of directors are 7 (Seven),as per the following:

a. Male: - 5 (Five)
b. Female - 2 (Two)

2. The composition of board is as follows:

a) Independent Directors 2 (two)
b) Other Non-executive Director 4 (four)
c) Executive Directors 1 (one)

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable.

4. 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.

5. 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.

6. 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.

7. The meetings of the board were presided over by the Chairperson and in her 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.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Company has not been able to arrange Directors' Training program due to its financial constraints

10. The board has in the normal course approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of. employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

a) Audit Committee (Name of members and Chairman)

Chairperson- Mrs Sadia Mohsin
Member: Mrs. Neelum Sohail Shaikh
Member: Mr Farrukh Haroon Rashid

b) HR and Remuneration Committee (Name of members and Chairman) -

Chairperson- Mrs. Sadia Mohsin Shaikh
Mr. Sohail Farooq Shaikh
Mr. Syed Ibrahim Ahmad

c) Nomination Committee (if applicable) Not Applicable
d) Risk Management Committee (if applicable) Not Applicable

13. Due to the non-operational state of the company and the extremely limited scope of activities which, in the case of the HR function was practically non-existing. The terms of reference of the aforesaid committees have not been formally documented.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee, were as per following:

a) Audit Committee 4
b) HR and Remuneration Committee 2
c) Nomination Committee (if applicable) Not Applicable
d) Risk Management Committee (if applicable). Not Applicable

15. The Company has an effective internal audit function. The Company's internal auditor has a B.Com degree and 13 years of experience.and is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures 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 and registered with Audit Oversight Board of Pakistan, 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 Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. *We confirm that all other requirements of the Regulations have been complied with.*

CHIEF EXECUTIVE OFFICER / DIRECTOR
APPROVED BY BOARD ON October 28, 2019

PATTERN OF SHAREHOLDING

Pattern of holding of the shares held by the shareholders as at 30-06-2019

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
1,036	1	100	34,433
191	101	500	57,392
53	501	1,000	41,715
67	1,001	5,000	157,665
17	5,001	10,000	107,132
4	10,001	15,000	43,000
3	15,001	20,000	56,119
2	20,001	25,000	42,400
1	35,001	40,000	39,500
1	55,001	60,000	55,328
1	155,001	160,000	155,298
4	320,001	325,000	1,292,900
1	895,001	900,000	895,437
1	1,350,001	1,355,000	1,354,500
1,382			4,332,819

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	2,922,034	67.4396%
Associated Companies, undertakings and related parties. (Parent Company)	20,500	0.4731%
NIT and ICP	21,379	0.4934%
Banks Development Financial Institutions, Non Banking Financial Institutions.	16,845	0.3888%
Insurance Companies	3,062	0.0707%
Modarabas and Mutual Funds	766	0.0177%
Share holders holding 10% or more	2,249,937	51.9278%
General Public		
a. Local	1,341,934	30.9714%
b. Foreign	0	0.0000%
Others (to be specified)		
1- Joint Stock Companies	5,299	0.1223%
2- Others	1,000	0.0231%

Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2019

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	SURIYYA FAROOQ CHARITABLE FOUNDATION	20,000	0.4616
2	ISMAIL FAROOQ INDUSTTEIS (PVT.) LIMITED	500	0.0115

Mutual Funds (Name Wise Detail)	-	-

Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MIAN SOHAIL FAROOQ SHAIKH	2,249,937	51.9278
2	MRS. SADDIA MOHSIN	328,439	7.5803
3	MRS. NEELUM SOHAIL	5,869	0.1355
4	MIAN FARRUKH HAROON RASHID	519	0.0120
5	MR. SHAHMEER SHAIKH	6,741	0.1556
6	SYED IBRAHIM AHMAD	-	0.0000
7	MR. SALEEM ASGHAR MIAN	-	0.0000
8	MRS. MEHREEN HAROON RASHID	330,529	7.6285

Executives:	-	-

Public Sector Companies & Corporations:	-	-

Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	20,673	0.4771

Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
S. No.	Name	Holding	Percentage
1	MIAN SOHAIL FAROOQ SHAIKH	2,249,937	51.9278
2	MRS. SHARMEEN AZAM	323,500	7.4663
3	MRS. AMBREEN ZAHID BASHIR	323,300	7.4617
4	MRS. MEHREEN HAROON RASHID	330,529	7.6285
5	MRS. SADDIA MOHSIN	328,439	7.5803

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:			
S.No	NAME	SALE	PURCHASE
NIL			

KEY OPERATING FINANCIAL DATA.

A statement of key operating and financial data of the Company fopr the last seven years is summarised to the annual report.

PARTICULARS	2019	2018	2017	2016	2015	2014	2013
Net sales			-	-	-	-	-
Cost of sales			-	-	-	-	-
Operating expenses	42,019,311	39,663,624	58,365,685	52,819,466	36,214,403	48,854,450	55,859,981
Other income.	1,175,617	351,516	389,780	4,345,069	835,719	1,135,863	723,942
Earning per share - Rupees	(9.43)	(9.07)	(15.48)	(12.94)	(9.45)	(12.74)	(14.52)
FINANCIAL POSITION							
Equity	(564,552,300)	(527,578,640)	(493,439,861)	(309,971,864)	(267,813,269)	(239,095,397)	(198,710,689)
Reserve on Revaluation of fixed assets	1,338,470,742	1,342,300,767	1,315,194,265	796,458,725	802,714,276	809,187,630	815,887,487
Loan from director	185,418,953	192,657,842	170,265,962	91,484,356	72,290,818	53,914,942	40,445,995
Deferred liabilities	6,323,910	5,720,034	6,003,930	4,720,831	4,141,673	3,825,599	3,556,871
Current liabilities.	414,759,139	371,399,593	359,877,408	314,808,519	308,617,411	299,667,184	273,225,578
	1,380,420,444	**1,384,499,596**	**1,357,901,704**	**897,500,567**	**919,950,909**	**927,499,958**	**934,405,242**
Fixed capital expenditure	1,367,774,830	1,372,317,468	1,345,997,034	816,430,237	823,374,924	830,675,520	838,282,127
Due from associated undertaking	-	-	-	69,037,148	67,534,658	66,032,859	64,541,376
Current assets.	12,645,614	12,182,128	11,904,670	12,033,182	29,041,327	30,791,579	31,581,739
	1,380,420,444	**1,384,499,596**	**1,357,901,704**	**897,500,567**	**919,950,909**	**927,499,958**	**934,405,242**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUHAIL JUTE MILLS LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Suhail Jute Mills Limited,** which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the loss 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 (TSAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 4 of the financial statements, which describes that these financial statements have been prepared on the basis of estimated realizable/settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in order of liquidity. Our opinion is not modified in respect of this matter.

Material Uncertainty relating to Going Concern

The Company has incurred loss after taxation of Rs. 40.843 million for the year ended 30 June, 2019 (2018: Rs. 39.312 million). The Company has suffered accumulated loss of Rs. 816.364 million as on 30 June, 2019 (2018: Rs. 779.390 million).

The company has also ceased operations since June 2011. Thus, there is a material uncertainty of the company to continue as a going concern.

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.

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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 appear 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 concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting units management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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. *

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit of "SUHAIL JUTE MILLS LIMITED" for the year, ended June 30, 2019 resulting in this independent auditors' report is C.A Habib.

Place: Islamabad
Dated: October 7, 2019

HORWATH HUSSAIN CHAUDHURY & CO.
(CHARTERED ACCOUNTANTS)

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE

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 Suhail Jute Mills Limited for the year ended 30 June 2019 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 arc 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 instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:

i. The Board did not arrange any orientation course for its directors to acquaint them of duties and responsibilities as required by regulation 19 of these regulations.

ii. Annual review of the business risk has not been performed as required by regulation 10(2) of these regulations.

Based on our review, except for the above instances 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Place: Islamabad
Dated: October 7, 2019

HORWATH HUSSAIN CHAUDHURY & CO.
(CHARTERED ACCOUNTANTS)

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	NOTE	2019	2018
		----Rupees----	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital:			
(5,000,000 ordinary shares of Rs.10 each)		50,000,000	50,000,000
Issued, subscribed and paid up capital			
(4,332,819 ordinary shares of Rs. 10 each)	7	43,328,190	43,328,190
Reserves	8	(804,242,575)	(767,268,915)
Merger reserve		196,362,085	196,362,085
Surplus on revaluation of property, plant and equipment	9	1,338,470,742	1,342,300,767
		773,918,442	814,722,128
CURRENT LIABILITIES			
Staff retirement benefits	10	6,323,910	5,720,034
Trade and other payables	11	170,072,639	158,119,129
Accrued mark-up		54,086,276	54,086,276
Unclaimed dividend		384,359	384,359
Loan from directors		185,418,953	163,868,975
Short term borrowings - secured	12	190,215,865	187,598,695
Provision for taxation	13	-	-
		606,502,002	569,777,468
		1,380,420,444	1,384,499,596
ASSETS			
CURRENT ASSETS			
Cash and bank balances	14	279,980	227,223
Short term investments		3,752,309	3,523,577
Advances, deposits, prepayments and other receivables	15	5,413,825	5,216,800
Stores and spare parts	16	1,922,629	1,937,657
Stock in trade	17	824,389	824,389
Long term investment	18	190,000	190,000
Long term security deposits	19	262,482	262,482
Property, plant and equipment	21	1,367,774,830	1,372,317,468
		1,380,420,444	1,384,499,596
CONTINGENCIES AND COMMITMENTS	20		

AUDITORS' REPORT ANNEXED:

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHAIRMAN / CHIEF EXECUTIVE

DIRECTOR

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

	Note	2019	2018
		----------------Rupees----------------	
Sales		-	-
Cost of sales		-	-
Gross profit / (loss)		-	-
Administrative expenses	22	(35,181,607)	(33,137,852)
Finance cost	23	(6,837,704)	(6,525,772)
Other operative income	24	1,175,617	351,516
Loss before taxation		(40,843,694)	(39,312,108)
Income tax expense	13	-	-
Loss after taxation		(40,843,694)	(39,312,108)
Loss per share - basic and diluted	25	(9.43)	(9.07)

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHAIRMAN / CHIEF EXECUTIVE **DIRECTOR**

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

	2019	2018
	Rupees	
Loss after taxation	(40,843,694)	(39,312,108)
Other comprehensive income for the year		
Actuarial gain on re-measurement of staff retirement benefit	40,008	922,633
Total comprehensive loss for the year	(40,803,686)	(38,389,475)

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHAIRMAN / CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		---------Rupees---------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(40,843,694)	(39,312,108)
Adjustments for:			
Financial charges		6,837,704	6,525,772
Gain on sale of property, plant and equipment	24	(1,175,617)	(279,268)
Depreciation	22	4,498,255	5,011,033
Staff retirement benefit	10	643,884	638,737
		(30,039,468)	(27,415,833)
Working capital changes:			
(Increase) / decrease in current assets			
Stores and spare parts	16	15,028	2,786
Advances deposits prepayments and other receivables	15	(197,025)	(37,620)
Increase / (decrease) in current liabilities			
Trade and other payables	11	5,269,264	7,787,152
		5,087,267	7,752,318
Cash used in operations		(24,952,201)	(19,663,516)
Financial charges paid		(153,458)	(173,570)
Net cash used in operating activities		(25,105,659)	(19,837,086)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceed from sale of asset	21	1,220,000	305,000
Short term investment		(228,732)	(176,926)
Net cash flows generated from investing activities		991,268	128,074
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings	12	2,617,170	19,774,710
Loan from directors		21,549,978	-
Net cash generated from financing activities		24,167,148	19,774,710
Net increase in cash and cash equivalents		52,756	65,698
Cash and cash equivalents at the beginning of the year		227,223	161,525
Cash and cash equivalents at the end of the year	14	279,980	227,223

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHAIRMAN / CHIEF EXECUTIVE

DIRECTOR

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

	Issued, subscribed and paid-up share capital	Revenue reserves					Surplus on revaluation of Fixed assets	Merger reserve	*Total*
		General reserve	Dividend equalization reserve	Fair value reserve	Accumulated loss	Total			
					Rupees				
BALANCE AS AT JULY 01, 2017	37,450,000	3,380,000	7,490,000	1,251,607	(745,251,742)	(733,130,135)	1,315,194,265	202,240,275	821,754,405
1,087,819 shares issued against merger (Rs 10 each)	10,878,190	-	-	-	-	-		-	10,878,190
500,000 shares cancelled (Rs 10 each)	(5,000,000)	-	-	-	-	-		-	(5,000,000)
Adjustment against merger reserve								(5,878,190)	(5,878,190)
Total comprehensive income for the year	-	-	-	-	-	-		-	-
Total comprehensive loss for the year	-	-	-	-	(38,389,475)	(38,389,475)		-	(38,389,475)
Revaluation gain							31,357,198		31,357,198
Effect of incremental depreciation	-	-	-	-	4,250,696	4,250,696	(4,250,696)		-
BALANCE AS AT JUNE 30, 2018	**43,328,190**	**3,380,000**	**7,490,000**	***1,251,607***	**(779,390,522)**	***(767,268,915)***	**1,342,300,768**	**196,362,085**	**814,722,128**
Total comprehensive loss for the year	-	-	-	-	(40,803,686)	(40,803,686)			(40,803,686)
									-
Effect of incremental depreciation	-	-	-	-	3,830,025	3,830,025	(3,830,025)		-
BALANCE AS AT JUNE 30, 2019	**43,328,190**	**3,380,000**	**7,490,000**	**1,251,607**	***(816,364,182)***	***(804,242,575)***	**1,338,470,743**	**196,362,085**	**773,918,442**

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHAIRMAN / CHIEF EXECUTIVE

DIRECTOR

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

1. LEGAL STATUS AND OPERATIONS

Suhail Jute Mills Limited (the Company) was incorporated in Pakistan in 1981 as a public limited company under the Companies Act, 1913 (now Companies Act, 2017). Its shares are quoted on Pakistan stock exchanges in Pakistan. The Company is principally engaged in the business of manufacturing and sale of jute products. The registered office of the Company is situated at 14-B, Civil Lines, Rawalpindi.

The production facilities are situated at Kabul River Railway Station, Mardan Road, Nowshera, Khyber Pakhtunkhwa and GT road, Nowshera, Khyber Pakhtunkhwa consisting of 872 Kanals 3 Marlas and 744 kanals 2 Marlas piece of land respectively.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

2.1 Devaluation of the Pakistani rupee against the dollar

The Pakistani currency remained under pressure during the current year resulting into devaluation of 34% in Pakistani currency which has affected the company's cost.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

3.2 Basis of measurement and preparation

These financial statements have been prepared under historical cost convention. This is the first set of the company's annual financial statements in which IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have been applied.

3.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees (PKR) which is the Company's functional and presentation currency.

3.4 Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are discussed in the ensuing paragraphs.

3.4.1 Property, plant and equipment

The Company reviews the residual values and useful lives of property, plant and equipment on regular basis. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. Any change in such estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge, impairment and related deferred tax liability.

3.4.2 Provision for inventory obsolescence

The Company reviews the net realizable value of stock in trade, stores and spare to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated cost to complete and estimated cost to make the sales.

3.4.3 Taxation

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

3.4.4 Provisions and contingencies

A provision is recognized as a result of past event when the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the liability. The un-winding of discount is recognized as finance cost, if any. Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation can not be measured with sufficient reliability, it is disclosed as contingent liability.

3.4.5 Impairment

3.4.5.1 Impairment of financial assets

The Company measures loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost after considering the pattern of receipts from and future financial outlook of the counterparty and is reviewed by the management on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the profit or loss.

3.4.5.2 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

4. **ACCOUNTING CONVENTION**

These financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity.

The Company has incurred loss after taxation of Rupees 40.843 million. The Company has suffered accumulated losses of Rupees 816.364 million as on June 30, 2019. The company has ceased operations since June 2011.

5. **STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE**

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

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

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

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

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

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

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

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

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

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

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

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

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

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

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

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the changes as indicated below:

6.1 IFRS 9 'Financial Instruments'

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments ("IFRS 9") that replaces IAS 39 Financial Instruments: recognition and measurement ("IAS 39") and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification & measurement, impairment and hedge accounting. IFRS 9 introduces a single approach to determine whether a financial asset is measured at amortized cost or fair value and replaces the multiple rules in IAS 39. The three principal classification categories under the new standard for financial instruments are: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL"). The classification of financial instruments under IFRS 9 is generally based on the business model in which a financial instrument is managed and its contractual cash flow characteristics. The previous categories under IAS 39 of held to maturity, loans and receivables and available for sale have been removed. For financial liabilities, IFRS 9 retains most of the requirements of IAS 39; however, where the fair value option is applied to financial liabilities, any change in fair value resulting from an entity's own credit risk is recorded in other comprehensive income.

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

Financial assets	**Original classification under IAS 39**	**New classification under IFRS 9**
Long term investment	Held till maturity	Amortized Cost
Short term investment	Held till maturity	Amortized Cost
Advances, deposits and prepayments	Loans and recievables	FVTPL
Other receivables	Amortized Cost	Amortized Cost
Long term security deposits	Loans and recievables	FVTPL
Cash and bank balances	Loans and recievables	Amortized Cost
Financial liabilities		
Trade and other payables	Amortized Cost	Amortized Cost
Accrued mark-up	Amortized Cost	Amortized Cost
Unclaimed dividend	Amortized Cost	Amortized Cost
Loan from directors	Amortized Cost	Amortized Cost
Short term borrowings - secured	Amortized Cost	Amortized Cost

There is no change in the carrying amounts of financial assets and financial liabilities at the initial application date of IFRS-9, except for a change in accounting classification under IFRS - 9 from category under IAS - 39 as disclosed in the above table.

There was no material expected credit loss recognized at initial application date and as at 30 June 2019.

The Company does not have any financial instruments eligible for hedge accounting, accordingly there was no impact to the Company as a result of adopting IFRS 9.

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected loss" model. The new impairment model applies to financial instruments measured at amortized cost, and contract assets and debt investments measured at FVTOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39. The standard also provides a simplified approach to measure expected credit losses using a lifetime expected loss allowance. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate loss allowance.

6.2 IFRS 15 'Revenue from Contracts with Customers'

The IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15") in May 2014. This IFRS replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser.

6.3 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision is made annually to cover obligations under the scheme in accordance with actuarial recommendations. Projected Unit Credit Method has been used for actuarial valuation.

Actuarial gains and losses (re-measurement gains/losses) on employees' retirement benefit plans are recognized immediately in other comprehensive income and past service cost is recognized in profit and loss when they occur.

6.4 Taxation

Current

Provision for current taxation is based on taxable income of the Company after taking into account rebates, if any, allowable to the Company. In case of loss the tax liability is calculated according to the section 113 of Income Tax Ordinance, 2001.

Deferred

Deferred income tax, if any, is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognized for all taxable temporary timing differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the timing differences will reverse, based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the cases where it is included in equity.

6.5 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

6.6 Property, plant and equipment

Property, plant and equipment are stated at cost / revalued amount less accumulated depreciation except land and capital work in progress, which are stated at revalued amount / cost. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from their fair values. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and identified impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is provided on a reducing balance basis and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in Note 22. Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which asset is disposed off.

Subsequent costs are included in the asset's carrying amounts or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will follow to the Company and the cost of the item can be measured reliably.

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of assets, if any, are included in profit and loss account currently.

6.7 Impairment

(i) Non - derivative financial assets
Policy applicable from 1 July 2018

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company measures loss allowances at an amount equal to lifetime ECLs.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset.

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

Measurement of ECLs

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the carrying amount of the assets and charged to profit or loss.

Write-off

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

Policy applicable before 1 July 2018

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. An impairment loss is reversed in profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amount of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amounts of any goodwill allocated to CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

6.8 Stores and spare parts

These are valued at weighted average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred up to the balance sheet date.

6.9 Stock in trade

Stock in trade is stated at the lower of average cost and net realizable value, less allowance for obsolete items.

- Raw material is at at moving average purchase cost and directly attributable expenses.
- Work in process and finished goods is at moving average cost of raw materials and applicable manufacturing expenses.
- Raw material in transit is at invoice value plus other charges incurred up to the balance sheet date.

6.10 Cash and cash equivalents

Cash and bank balances are defined as cash in hand, demand deposits and short term placements readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash in hand, balances with banks on current accounts and deposit accounts availed by the Company.

6.11 Foreign currency transactions and translations

Foreign exchange transactions are translated into reporting currency at the rates of exchange prevailing on the date of transactions except repayments of foreign currency loans, which are covered against exchange rate risk. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gain and losses from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the balance sheet date exchange rates are included in profit and loss account.

6.12 **Financial Instruments**

6.12.1 **Recognition and initial measurement**

Trade debts are initially recognised when they are originated. All other financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of an instrument.

A financial asset (unless it is a trade debt without significant financing component) or financial liability is initially measured at fair value, plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. A trade debt without a significant financing component initially measured at the transaction price.

6.12.2 **Classification and subsequent measurement**

(a) **Financial assets - Policy applicable from 1 July 2018**

On initial recognition, a financial asset is classified as measured at amortised cost, FVTOCI or FVTPL.

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

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

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

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreignexchange gains and losses and impairment are recognised in profit or loss.

(b) **Financial assets - Policy applicable before 1 July 2018**

The Company classified its financial assets into one or more of the following categories:
- FVTPL
- Loans and receivables

Loans and receivables and held to maturity financial assets were subsequently measured at amortised cost using effective interest method.

Financial liabilities-Classification and subsequent measurement

Financial liabilities are measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

6.12.3 Derecognition

(a) Financial assets

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

(b) Financial liabilities

The Company de recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of modified liability are substantially different, in which case a new financial liability is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

6.12.4 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

6.13 Contingent liabilities

Contingent liabilities are disclosed when:

a) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company; or

b) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

6.14 Revenue recognition

Revenue from contracts with customers is recognized when or as the company satisfies a performance obligation by transfering a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of Jute twine, Gunny bags, Hessioan cloth and Rice bags coincides with the title passing to the customer and customer taking physcial possession. The Company physically satisfies its performance obligations at a point in time in the amount of revenue recognized relating to performance. For sale of Jute twine, Gunny bags, Hessioan cloth and Rice bags the transfer of control usually occurs on delivery of goods to the customer.

Generally for such sales, the customer has no right of return. The Company does not have any obligations for return of Jute twine, Gunny bags, Hessioan cloth and Rice bags

6.15 Earnings per share

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

6.16 Other income / finance cost

Other income comprises gain on disposal of property, plant and equipment.

Finance cost comprises interest expense on borrowings, Workers' Profit Participation Fund, and bank charges.

6.17 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short position at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		Note	2019	2018
(Number of shares)				Rupees	
3,245,000	3,245,000	Ordinary shares of Rs. 10 each issued for cash	7.1	32,450,000	32,450,000
-	500,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	7.2	-	5,000,000
3,245,000	3,745,000			32,450,000	37,450,000
-	(500,000)	Cancelled ordinary shares of Rs. 10 each issued for consideration other than cash		-	(5,000,000)
1,087,819	1,087,819	Issued against merger		10,878,190	10,878,190
4,332,819	4,332,819			43,328,190	43,328,190

7.1 Shares held by associated undertakings

2019	2018		2019	2018
(Number of shares)			(Rupees)	
500	500	M Farooq Private Limited	5,000	5,000
20,000	20,000	Surriya Farooq Charitable Foundation	200,000	200,000

7.2 This represents the shares alloted to the members of Colony Sarhad Textile Mills Limited against the merger of both companies.

8 RESERVES

	Note	2019	2018
		Rupees	
General reserve	8.1	3,380,000	3,380,000
Dividend equalization reserve	8.2	7,490,000	7,490,000
Fair value reserve		1,251,607	1,251,607
Accumulated loss		(816,364,182)	(779,390,522)
		(804,242,575)	(767,268,915)

8.1 This represents amount transferred to the general reserve from Reserve for Participation Term Certificates (PTC) for contingencies created in year 1992.

8.2 This represents the reserve for the purpose of cash and stock dividend at 20 percent of the issued share capital proposed in 1992, but not approved by the shareholders.

9 **SURPLUS ON REVALUATION OF FIXED ASSETS**

This represents the surplus arising from the revaluation of assets which is amortized over the useful lives of corresponding assets.

	Note	2019	2018
		Rupees	
Opening balance			
Free hold land		1,262,734,609	1,220,734,609
Building		64,357,198	75,000,000
Plant and machinery		123,273,000	123,273,000
		1,450,364,807	1,419,007,609
Surplus /(deficit) on revaluation made during the year			
Free hold land		-	42,000,000
Building		-	(10,642,802)
Plant and machinery		-	-
		-	31,357,198
Accumulated Depreciation		(111,894,065)	(108,064,040)
		1,338,470,742	1,342,300,767

Revaluation of free hold land, building on free hold land and plant and machinery of the Company was carried out on January 26, 2017 by an independent valuer, BFA (Private) Limited, under the market value basis. Previously , the revaluation of free hold land, and plant and machinery of the Company was carried out on June 30, 2011 prior to that the free hold land of the Company was revalued in 1992 and 2008, whereas the buildings on free hold land and plant and machinery were revalued in 1995 and 2008.

10 **STAFF RETIREMENT BENEFITS**

	Note	2019	2018
		Rupees	
Staff retirement benefit	10.1	5,021,069	4,417,193
Deferred liabilities - staff gratuity		1,302,841	1,302,841
		6,323,910	5,720,034

10.1 **The amounts recognized in the balance sheet**

	Note	2019	2018
Present value of defined benefit obligation	10.2	5,021,069	4,417,193

10.2 **Movement in the present value of defined benefit obligation:**

	Note	2019	2018
Opening balance		4,417,193	4,701,089
Charge for the year	10.3	643,884	638,737
Actuarial gain		(40,008)	(922,633)
Benefits paid		-	-
		5,021,069	4,417,193

		Note	2019	2018
10.3	**Charge for the year**		-----Rupees-----	
	Current service cost		246,337	274,403
	Interest cost		397,547	364,334
			643,884	638,737
10.4	**Remeasurement recognized in OCI**			
	Actuarial gain on re-measurement of defined benefit obligation		40,008	922,633

10.5 The principal actuarial assumptions used in actuarial valuations were as follows;

	2019	2018
Valuation discount rate	14.25%	9.00%
Salary increase rate short term (1 year)	9.25%	4.00%
Salary increase rate long term	12.25%	9.00%
Withdrawal rates	Low	Low
Mortality rates	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005

10.6 Sensitivity analysis

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined obligation at the end of reporting period would have increased / (decreased) as a result of change in respective assumptions

	Effect of increase	
	2019	2018
	-----Rupees-----	
Discount rate changed by 1%	4,804,820	4,417,193
Salary rate change by 1%	5,292,617	4,686,190
Withdrawal rates change by 10% / 1 year mortality age set-back / set-forward	5,022,846	4,428,967

The above sensitivity analysis are based on the changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be co-related. When calculating the sensitivity of defined benefit obligations to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the balance sheet.

		Note	2019	2018
			-----Rupees-----	
11	**TRADE AND OTHER PAYABLES**			
	Creditors		22,517,919	23,488,209
	Accrued expenses	12.1	58,188,129	49,557,853
	Security deposits		1,600	1,600
	Advances from customers		3,400,000	3,400,000
	Workers' profit participation fund	12.2	49,815,967	45,748,891
	Workers welfare fund		269,503	269,503
	Other taxes payable		976,498	719,246
	Others		2,679,329	2,938,864
	Payable to employees retirement benefits	12.3	32,223,695	31,994,963
			170,072,639	158,119,129

11.1 This includes an amount payable to director of the company on account of remuneration Rs. 49,090,585/- and godown rent Rs. 2,981,800/- respetively.

		Note	2019	2018
11.2	**Worker's (Profit) Participation fund**		---Rupees---	
	Opening balance		45,748,891	42,013,859
	Interest on funds utilized by the Company	11.2.1	4,067,076	3,735,032
			49,815,967	45,748,891

Interest on funds utilized by the Company is charged at KIBOR + 2.5%

		Note	2019	2018
11.3	**Payable to employees retirement benefits**		---Rupees---	
	Gratuity payable	11.3.1	28,471,386	28,471,386
	Provident fund payable	11.3.2	3,752,309	3,523,577
			32,223,695	31,994,963

11.3.1 This represent gratuity payable to 301 employees who left after the floods in July, 2010.

11.3.2 This represents balance of the amount payable to employees that has arisen as result of the discontinuation of the provident fund of the company.

11.3.3 The Company has invested an amount of Rs. 3,783,828 (2018: 3,523,577) against the balance of the discontinued provident fund, in units of "NAFA Government Securities Liquid Fund". The investment is being held in the name of Suhail Jute Mills Limited.

		Note	2019	2018
12	SHORT TERM BORROWINGS		---Rupees---	
	From banking companies- Secured			
	Faisal Bank Limited	12.1	128,809,828	128,809,828
	AL baraka Islamic Bank Limited	12.2	30,000,000	30,000,000
	Bridge Finance facility		31,406,037	28,788,867
			190,215,865	187,598,695

		Note	2019	2018
12.1	**Faisal Bank Ltd**			
	Running finance facility	12.1.1	127,885,528	127,885,528
	Finance against imported merchandise	12.1.2	924,300	924,300
			128,809,828	128,809,828

12.1.1 Running finance facility of Rs. 128.55 million was sanctioned in June, 2011 and is payable on demand. The facility had been obtained to meet working capital requirements. The rate of mark up is 3 months KIBOR plus 2.91 percent per annum.

The facility is secured against first exclusive hypothecation charge for Rupees 100 million on all present and future current assets of the Company and pari passu charge for Rs.280 million on fixed assets of Company including land, building and plant and machinery.

12.1.2 Finance against imports facility of Rs. 20 million had been obtained to finance import of raw material, and is payable on demand. The rate of mark up is 3 months KIBOR plus 2.91 percent per annum.

The facility is secured against pledge of imported goods in factory godown amounting to Rs. 1,027,000 with built in margin under custody of bank's appointed Maccadum and lien over shipping documents.
The court on petition filed by the Bank ordered a decree in favor of the bank.

12.2 **AL Baraka Islamic Bank**

The Company has drawn down Rs. 30 million out of total facility of Rs. 30 million sanctioned in October, 2011. It carries mark up at the rate 6 months KIBOR plus 2.5 percent per annum (if paid with in 180 days) and 3 months KIBOR plus 3 percent per annum (if paid within 90 days). This facility has expired in June, 2012.

This facility is also secured against First Pari Passu charge over entire present and future fixed assets of the Company including free hold land and building on free hold land.

The court on petition filed by the Bank ordered a decree in favor of the bank.

13 PROVISION FOR TAXATION

No provision for current taxation has been made due to the reason that the Company has no taxable income. Turnover tax under section 113 of Income Tax Ordinance, 2001 does not apply as the Company has no turnover during the year.

Deferred tax asset is not recognized in the financial statements because the Company has sufficient tax losses available and it is probable that the Company will not be able to utilize deductible temporary differences in near future.

14 CASH AND BANK BALANCES

	2019	2018
	----------Rupees----------	
Cash in hand	70,393	39,071
Cash at banks:		
- in current accounts	209,587	188,151
- in saving accounts	-	-
	209,587	188,151
	279,980	227,223

15 ADVANCES DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES

	2019	2018
Advances - considered good:		
- Employees	279,598	279,598
- Expenses	18,800	17,304
Deposits	501,940	501,940
Prepayments	175,432	216,322
Sarhad Development Authority	2,550,000	2,550,000
Income tax withheld (Refundable)	1,888,055	1,646,604
Other receivables - considered good	-	5,032
	5,413,825	5,216,800

16	**STORES AND SPARES**		
	Stores	7,606,317	7,619,067
	Spares	2,101,053	2,103,331
		9,707,370	9,722,398
	less: Provision for obsolescence	(7,784,741)	(7,784,741)
		1,922,629	1,937,657
17	**STOCKS IN TRADE**		
	Raw materials	824,389	824,389
	Work in process	-	-
		824,389	824,389
18	**LONG TERM INVESTMENTS**		
	Available for sale investment - Unquoted		
	Farooq Energy Company Private Limited		
	190 shares (2018: 190) of Rs 1,000 each	190,000	190,000
19	**LONG TERM SERCURITY DEPOSITS**		
	Sui Northern Gas Pipeline Limited	30,000	30,000
	Office building security	232,482	232,482
		262,482	262,482

20 CONTINGENCIES AND COMMITMENTS

20.1 The Sarhad Development Authority has filed an appeal in Peshawar High Court against the decision made in the civil suit (No: 180/1) on May 26, 2011 in favor of Suhail Jute Mills Limited for the recovery of an amount of Rs.2,550,000 against surrender of land measuring six acres situated at Gadoon Industrial Estate, Khyber Pakhtunkhwa. The Sarhad Development Authority had acknowledged the surrender of land and made a payment of Rs.1,667,343 after deducting charges of Rs. 882,657 which was returned by the Company with the plea that total amount should be refunded. The Company has also filed an appeal before the District Judge, Peshawar against other pleas related to this issue dismissed in the above decision.

20.2 Income tax demand of Rs. 8,771,178 for the tax year 2010 was raised against the Company under section 161/205 of the Income Tax Ordinance, 2001 which has been remanded back by Commissioner Inland Revenue (appeals) to the Deputy Commissioner Inland Revenue for redetermination of the liability, if any. The proceedings before Deputy Commissioner Inland Revenue has not yet finalized. The management and the tax advisor of the Company do not expect any unfavorable outcome or serious loss to the Company in this case.

20.3 The Company has secured running finance from Faysal Bank and AlBaraka Bank as disclosed in note to the financial statements. These Banks have filed suits for recovery of all outstanding overdue principal and markup amount. In case of Faysal Bank the Lahore High Court has ordered a Decree in favour of Bank and the case is in execution process in accordance with the law. In case of AlBaraka Bank the Banking Court, Rawalpindi has already issued decree in favor of Bank, which is not yet executed in view of charge on assets of Faysal Bank, as well land the Company is not pursuing the matter further. Accordingly as Company is already in legal proceedings with both Banks markup on outstanding borrowing amount has not been serviced and charged in these financial statements from July 01, 2014 incase of Faysal Bank and from July 01, 2012 incase of AlBaraka Bank. The management and legal advisor are of the opinion that markup freezes upon decree by the court / initiation of recovery proceedings.

20.4 The c mpany is contingently liable in respect of guarantees of Rs. 463,100 issued by the bank in normal course of business.

20.5 The Company is in litigation with sales tax authorities circle 1, Rawalpindi for refund of sales tax amounting to Rs. 2.452 million (2018 Rs. 2.452 million). The case is pending with the Honorable Lahore High Court, Lahore.

20.6 The Company is in litigation with various parties for which cases have been filed by / against the Company in different courts of law as normal business events.

21. PROPERTY, PLANT AND EQUIPMENT

Particulars	Free hold land	Building on freehold land	Plant and machinery	Furniture and fixtures	Office equipment	Motor vehicles	Library books	Total
	Rupees							
Year ended June 30, 2018								
Opening net book value	1,190,316,197	91,516,412	61,642,448	563,295	1,548,989	409,531	163	1,345,997,035
Cost	1,190,316,197	111,623,856	89,325,730	4,521,885	12,189,978	7,845,087	60,723	1,415,883,456
Accumulated depreciation	-	(20,107,444)	(27,683,282)	(3,958,590)	(10,640,989)	(7,435,556)	(60,560)	(69,886,421)
For the year:								-
Additions	-	-	-	-	-	-	-	-
Surplus on revaluation	42,000,000	(10,642,802)						31,357,198
Disposals	-	-	-	-	-	(25,732)	-	(25,732)
Cost	-	-	-	-	-	1,428,400	-	1,428,400
Accumulated depreciation	-	-	-	-	-	(1,402,668)	-	(1,402,668)
Depreciation charge		(2,745,492)	(1,977,503)	(56,330)	(154,899)	(76,760)	(49)	(5,011,033)
As at June 30, 2018								-
Cost	1,190,316,197	111,623,856	89,325,730	4,521,885	12,189,978	6,416,687	60,723	1,414,455,056
Accumulated depreciation	-	(22,852,936)	(29,660,785)	(4,014,920)	(10,795,888)	(6,109,648)	(60,609)	(73,494,786)
Net book value - 2018	**1,232,316,197**	**78,128,118**	**59,664,945**	**506,965**	**1,394,090**	**307,039**	**114**	**1,372,317,468**
Year ended June 30, 2019								
Opening net book value	1,232,316,197	78,128,118	59,664,945	506,965	1,394,090	307,039	114	1,372,317,468
Cost	1,232,316,197	100,981,054	89,325,730	4,521,885	12,189,978	6,416,687	60,723	1,415,883,456
Accumulated depreciation	-	(22,852,936)	(29,660,785)	(4,014,920)	(10,795,888)	(6,109,648)	(60,609)	(73,494,786)
For the year:								-
Additions	-	-	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	44,383	-	44,383
Cost	-	-	-	-	-	2,029,822	-	2,029,822
Accumulated depreciation		-	-	-	-	(1,985,439)	-	(1,985,439)
Depreciation charge	-	(2,343,844)	(1,911,740)	(50,697)	(139,409)	(52,531)	(34)	(4,498,255)
As at June 30, 2019								-
Cost	1,232,316,197	100,981,054	89,325,730	4,521,885	12,189,978	5,815,265	60,723	1,445,210,832
Accumulated depreciation	-	(25,196,780)	(31,572,525)	(4,065,617)	(10,935,297)	(4,176,740)	(60,643)	(76,007,602)
Net book value - 2019	**1,232,316,197**	**75,784,274**	**57,753,205**	**456.268**	**1,254,681**	**210,125**	**80**	**1,367,774,830**
Depreciation rate	-	1.5% - 3%	3% - 15%	10%	10%	20%	30%	

21.1 **Details of assets disposed off during the year:**

Description	Cost	Accumulated depreciation	Net book value	Sale price	Profit	Sold to	Mode of Disposal
	Rupees						
RIV-2500	860,822	857,570	3,252	375,000	371,748	M.ISMAIL QURESHI	Negotiation deal
RIZ-8645	1,169,000	1,127,869	41,131	845,000	803,869	SYED AHSAN SHAH	Negotiation deal
Total	**2,029,822**	**1,985,439**	**44,383**	**1,220,000**	**1,175,617**		

21.2 Cost of free hold land, building on free hold land and plant and machinery are stated at revalued amounts (See Note 10). The carrying amount of these items of property, plant and equipment measured using the cost model are as under:

	2019			2018		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
	Rupees					
Lease hold land	12,519,048		12,519,048	12,519,048		12,519,048
Building on land	26,049,078	(17,452,937)	8,596,141	26,049,078	(17,187,077)	8,862,001
Plant and Machinery	131,156,789	(120,622,080)	10,534,709	131,156,789	(120,273,826)	10,882,964
Office equipment	142,289	(1,423)	140,866	142,289	14,229	156,518
	169,867,204	(138,076,440)	31,790,764	169,867,204	(137,446,673)	32,420,531

	Note	2019	2018
		---Rupees---	
22 ADMINISTRATIVE EXPENSES	22.1		
Salaries, wages and benefits		9,377,481	9,435,948
Directors' meeting fee		19,500	4,500
Travelling		420,960	317,055
Motor vehicle running expenses		1,130,646	1,267,323
Entertainment		532,620	600,212
Printing and stationery		399,647	302,499
Communication		484,684	470,410
News paper and periodicals		57,694	44,526
Rent, rates and taxes		1,130,520	1,354,566
Utilities		4,374,978	3,530,219
Fees and subscription		159,269	101,088
Professional charges		815,107	770,740
Auditor's remuneration	22.2	225,000	225,000
Directors' Remuneration	22.3	10,451,030	8,851,119
Depreciation		4,498,255	5,011,032
Repairs and maintenance		690,059	627,574
Insurance		189,777	164,597
Provision for obsolete stores		-	-
Doubtful debts written off		-	-
Miscellaneous		224,380	59,445
		35,181,607	33,137,852

22.1 Factory operating expenses for the year have been classified as administrative expenses as the factory remained un-operational and the expenses incurred were of administrative nature.

	2019	2018
	---Rupees---	
22.2 Auditor's remuneration		
Statutory audit	175,000	175,000
Semi annual review fee	50,000	50,000
	225,000	225,000

22.3 REMUNERATION OF DIRECTORS, EXECUTIVES AND MANAGING DIRECTOR

The aggregate amounts charged in theses financial statements in respect of remuneration including benefits applicable to the managing director, directors and executives of the Company are given below.

	2019 ---Rupees---			2018 ---Rupees---		
	Director	Executive	Managing Director	Director	Executive	Managing Director
Fee	19,500	-	-	4,500	-	-
Managerial Remuneration	-	-	5,785,800	-	-	5,259,900
Rented accommodation	-	-	2,599,200	-	-	2,363,100
Travelling and Conveyance	-	-	333,959	-	-	22,000
Communication	-	-	36,801	-	-	46,943
Utilities	-	-	1,695,270	-	-	1,159,176
	19,500	-	10,451,030	4,500	-	8,851,119
Numbers	7	-	1	7	-	1

The Managing Director has also been provided with a Company maintained car, utilities and telephone at his residence.

		Note	2019	2018
			2019	2018
			Rupees	
23	FINANCE COST			
	Mark-up on bridge finance		2,617,170	2,617,170
	Interest on workers' profit participation fund		4,067,076	3,735,032
	Bank charges		153,458	173,570
			6,837,704	6,525,772
24	OTHER OPERATING INCOME			
	Income from financial assets			
	Interest on bank deposits		-	248
	Income from assets other than financial assets			
	Rental income		-	72,000
	Gain on sale of property, plant and equipment		1,175,617	279,268
			1,175,617	351,516
25	LOSS PER SHARE			
	Loss for the year after taxation		(40,843,694)	(39,312,108)
	Weighted average number of ordinary shares		4,332,819	4,332,819
	Loss per share		(9.43)	(9.07)

There are no dilutive potential ordinary shares outstanding as at reporting date.

26 CASH AND CASH EQUIVALENTS

Cash, cash equivalents and short-term borrowings (used for cash management purposes) include the following for the purposes of the comparison:

	2019	2018
	Rupees	
Cash and bank balances	279,980	227,223
Short term running finance	-	-
	279,980	227,223

27. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

27.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

On-balance sheet financial instruments	Carrying amount				Fair value			
	Amortized Cost	Held to maturity	FVTPL	Total	Level 1	Level 2	Level 3	Total
	Rupees							
30 June 2019								
Financial assets not measured at fair value								
Long term investment	190,000	-	-	190,000	-	-	-	-
Short term investment	3,752,309	-	-	3,752,309	-	-	-	-
Advances, deposits and prepayments	-	-	5,413,825	5,413,825	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
Long term security deposits	-	-	262,482	262,482	-	-	-	-
Cash and bank balances	279,980	-	-	279,980	-	-	-	-
	279,980	-	5,676,307	5,956,287	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	170,072,639	-	-	170,072,639	-	-	-	-
Accrued mark-up	54,086,276	-	-	54,086,276	-	-	-	-
Unclaimed dividend	384,359	-	-	384,359	-	-	-	-
Loan from directors	185,418,953	-	-	185,418,953	-	-	-	-
Short term borrowings - secured	190,215,865	-	-	190,215,865	-	-	-	-
	600,178,092	-	-	600,178,092	-	-	-	-

On-balance sheet financial instruments	Carrying amount				Fair value			
	Amortized Cost	Held to maturity	FVTPL	Total	Level 1	Level 2	Level 3	Total
	Rupees							
30 June 2018								
Financial assets not measured at fair value								
Long term investment	190,000	-	-	190,000	-	-	-	-
Short term investment	3,523,577	-	-	3,523,577	-	-	-	-
Advances, deposits and prepayments	-	-	5,211,768	5,211,768	-	-	-	-
Other receivables	5,032	-	-	5,032	-	-	-	-
Long term security deposits	-	-	262,482	262,482	-	-	-	-
Cash and bank balances	227,223	-	-	227,223	-	-	-	-
	3,945,832	-	5,474,250	9,420,083	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	158,119,129	-	-	158,119,129	-	-	-	-
Accrued mark-up	54,086,276	-	-	54,086,276	-	-	-	-
Unclaimed dividend	384,359	-	-	384,359	-	-	-	-
Loan from directors	163,868,975	-	-	163,868,975	-	-	-	-
Short term borrowings - secured	187,598,695	-	-	187,598,695	-	-	-	-
	564,057,434	-	-	564,057,434	-	-	-	-

27.2 The Company has not disclosed the fair value for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of their fair values.

27.3 The Company has exposure to the credit risk, market risk and liquidity risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

27.4 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Out of the total financial assets of Rupees 9,636,114 (2018 : Rupees 9,157,601), the financial assets that are subject to credit risk amounted to Rupees 9,636,114 (2018 : Rupees 9,157,601).

The maximum exposure to credit risk as at June 30, 2019, along with comparative is tabulated below:

	2019	2018
	------------Rupees------------	
Exposure to credit risk		
Long term investment	**190,000**	190,000
Short term investments	**3,752,309**	3,523,577
Advances deposits and prepayments	**5,413,825**	5,216,800
Cash and bank balances	**279,980**	227,223
	9,636,114	9,157,601

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

27.5 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 Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Up to one year	One to two years	Two to five years	Five years onwards
2019		----------	----------Rupees	----------	----------	
Trade and other payables	170,072,639	170,072,639	170,072,639	-	-	-
Accrued mark-up	54,086,276	54,086,276	54,086,276	-	-	-
Unclaimed dividend	384,359	384,359	384,359	-	-	-
Loan from directors	185,418,953	185,418,953	185,418,953	-	-	-
Short term borrowings - secured	190,215,865	190,215,865	190,215,865	-	-	-
	600,178,092	600,178,092	600,178,092	-	-	-
2018						
Trade and other payables	158,119,129	158,119,129	158,119,129	-	-	-
Accrued mark-up	54,086,276	54,086,276	54,086,276	-	-	-
Unclaimed dividend	384,359	384,359	384,359	-	-	-
Loan from directors	163,868,975	163,868,975	163,868,975	-	-	-
Short term borrowings - secured	187,598,695	187,598,695	187,598,695	-	-	-
	564,057,434	564,057,434	564,057,434	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

27.6 **Market Risk**

Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has no foreign currency exposures.

Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. At June 30, 2019 the Company's financial instruments mainly affected due to changes in the interest rates on amounts placed on deposits with banks where changes in interest rates may have impact on the future profits / cash flows. The effects of changes in interest rates on the future profits arising on the balances placed on deposits with banks is not considered to be material.

28. RELATED PARTY TRANSACTIONS

The related parties comprise of key management personnel, entities over which the Company are able to exercise influence and employers funds. All transactions with related parties are carried out at arms length prices determined in accordance with comparable uncontrolled price method. The remuneration of managing director and other executives is given in note 22.3 to the financial statements. Balances outstanding and transaction made with related parties at the year end are as follows:

Related party	Basis of relationship	Percentage of shareholding %
Surriya Farooq Charitable Foundation	Associated company	0.50%
Ismail Farooq Industries private Limited	Associated company	0.01%
Mian Sohail Farooq Sheikh	Key Management personnel	51.92%
Staff retirement benefits fund	Provident fund trust	Nil

	2019	2018
	-----Rupees-----	
Transactions and balances with related parties		
Contribution to staff retirement benefits		
Gratuity - expense charged	**643,884**	638,737
Gratuity - payment made	**-**	-
Key management personnel		
Sohail Farooq Sheikh -Managing Director		
Loan received	**21,549,978**	22,391,880
Loan repayments	**-**	-

	2019 Kgs	2018 Kgs
29. PRODUCTION DATA		
Capacity on 360 days basis	**6,000,000**	6,000,000
Production achieved		
Sacking cloth	-	-
Hessian cloth	-	-
Twine	-	-
	-	-

It is difficult to describe precisely the production capacity of a Jute mill since it fluctuates widely depending on the pattern of production and number of shifts worked in a particular year. The production facilities of the Company remained idle throughout the year due to non availability of raw material.

30. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt.

31. ENTITY-WIDE INFORMATION

31.1 The Company constitutes of a single reportable segment, the principal classes of products are Jute Twine, Gunny Bags, Hessian Cloth and Rice bags.

31.2 The Company's principal classes of products accounted for the following percentages of sales:

	2019	2018
Jute Twine	**0.00%**	0.00%
Gunny bags	**0.00%**	0.00%
Hessian cloth	**0.00%**	0.00%
Others	**0.00%**	0.00%
	0.00%	0.00%

31.3 **Information about geographical areas**

The Company does not hold non-current assets in any foreign country.

31.4 **Information about major customers**

The Company has not made sales to any major external customers which tantamount to 10 percent or more of the entity's revenue.

	2019	2018
32. NUMBER OF EMPLOYEES		
Total number of employees at end of the year	74	93
Average number of employees for the year	74	94

33. DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on 28 October 2019 by the Board of Directors of the Company.

34. GENERAL

In these financial statements figures have been rounded off to the nearest rupee and those of the previous year have been re-arranged and re-grouped wherever necessary to facilitate comparison.

CHIEF EXECUTIVE **DIRECTOR**

SUHAIL JUTE MILLS LIMITED

ANNUAL GENERAL MEETING OF SUHAIL JUTE MILLS LIMITED

FORM OF PROXY

I/We, ______________________________ of _____________, holding Computerized National Identity Card (CNIC)/Passport No.________________ and being a member of Suhail Jute Mills Limited, hereby appoint:

____ of

_____________________,holding CNIC / Passport No.____________________________, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on 27th November, 2019 and at any adjournment thereof.

As witness my/our hand/seal this _______________day of ____________, 2019

Witnesses:

1. Signature ____

   Name ____

   Address ______________________________________

   CNIC/Passport No. ______________________________________

2. Signature ____

   Name ____

   Address ____

   CNIC/Passport No. ______________________________________

CDC Account No. (If Applicable)

Revenue Stamp of PKR 5/-

To be signed by the above named shareholder

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting. A proxy need not to be a member of the Company.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC of the member and the proxy-holder shall be furnished with the Proxy Form.
4. The proxy-holder shall produce his/her original CNIC at the time of the meeting.
5. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form.