

ANNUAL REPORT 2018



Ellicot Spinning Mills Limited

CONTENTS

Company Information	02
Notice of Annual General Meeting	03
Vision and Mission Statement	06
Chairman Review Report	12
Directors' Report to the Members	14
Statement of Compliance with listed Companies (Code of Corporate Governance) Regulations, 2017	24
Shareholders' Information	26
Pattern of Shareholding	30
Key Financial Information	32
Independent Auditor's Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017	34
Independent Auditor's Report	35
Statement of Financial Position	40
Statement of Profit or Loss	42
Statement of Comprehensive Income	43
Statement of Cash Flows	44
Statement of Changes in Equity	45
Notes to the Financial Statements	46
Form of Proxy	87

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Shahzada Ellahi Shaikh Mr. Syed Moaz Mohiuddin Mr. Jamal Nasim (Nominee NIT) Mr. Shaukat Ellahi Shaikh Mr. Raza Ellahi Shaikh Mr. Amin Ellahi Shaikh Mr. Shafqat Ellahi Shaikh	Non-Executive Director / Chairman Independent Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Executive Director
MANAGING DIRECTOR (Chief Executive)	Mr. Shafqat Ellahi Shaikh	
AUDIT COMMITTEE	Mr. Syed Moaz Mohiuddin Mr. Shaukat Ellahi Shaikh Mr. Amin Ellahi Shaikh Mr. Syed Mohsin Gilani	Chairman Member Member Secretary
HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE	Mr. Syed Moaz Mohiuddin Mr. Raza Ellahi Shaikh Mr. Amin Ellahi Shaikh Mr. Muhammad Azam	Chairman Member Member Secretary
EXECUTIVE COMMITTEE	Mr. Shaukat Ellahi Shaikh Mr. Shahzada Ellahi Shaikh Mr. Shafqat Ellahi Shaikh Mr. Amin Ellahi Shaikh Mr. Muhammad Azam	Chairman Member Member Member Secretary
CORPORATE SECRETARY	Mr. Syed Mohsin Gilani	
CHIEF FINANCIAL OFFICER (CFO)	Mr. Muhammad Ahmad	
HEAD OF INTERNAL AUDIT	Mr. Kashif Saleem	
AUDITORS	Messrs Rahman Sarfraz Rahim Iqbal Rafiq Chartered Accountants	
LEGAL ADVISOR	Bandial & Associates	
LEAD BANKERS	Albaraka Bank (Pakistan) Ltd. Allied Bank Ltd. Askari Bank Ltd. Bank Alfalah Ltd. Faysal Bank Ltd. Habib Bank Ltd. Meezan Bank Ltd. MCB Bank Ltd. National Bank of Pakistan Standard Chartered Bank (Pakistan) Ltd. The Bank of Punjab United Bank Ltd.	
REGISTERED OFFICE	Nagina House 91-B-1, M.M. Alam Road Gulberg-III, Lahore-54660	
WEB REFERENCE	www.nagina.com	
SHARE REGISTRAR	M/s Hameed Majeed Associates (Pvt.) Ltd. 1 st Floor, H.M. House 7-Bank Square, Lahore Phone # 042-37235081-2 Fax # 042-37358817	
MILLS	6.3 K.M, Manga Mandi, Raiwind Road Mouza Rossa, Tehsil & District Kasur	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of members of ELLCOT SPINNING MILLS LTD. will be held at the Registered Office of the Company, situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore-54660 on Friday, October 26, 2018 at 11:30 a.m. to transact the following business:-

- 1) To confirm minutes of the Annual General Meeting held on October 27, 2017.
- 2) To receive, consider and adopt Audited Accounts of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' reports thereon.
- 3) To approve and declare final dividend as recommended by the Board of Directors.
- 4) To appoint Auditors for the year ending June 30, 2019 and fix their remuneration.
- 5) To transact any other ordinary business with the permission of the Chair.

A statement required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 is annexed.

By Order of the Board



Syed Mohsin Gilani
Corporate Secretary

Lahore : September 27, 2018

NOTES:

- 1) The share transfer books for ordinary shares of the Company will be closed from Saturday, October 20, 2018 to Friday, October 26, 2018 (both days inclusive). Valid transfer(s) received in order by our Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore by the close of business on Friday, October 19, 2018 will be in time to be passed for payment of dividend to the transferee(s).
- 2) A member entitled to attend and vote at the General Meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Company's registered office not less than forty eight (48) hours before the time of meeting. Members through CDC appointing proxies must attach attested copy of their Computerised National Identity Card (CNIC) with the proxy form.
- 3) The shareholders through CDC, who wish to attend the Annual General Meeting are requested to please bring, original CNIC with copy thereof duly attested by their bankers, account number and participant I.D number for identification purpose.
- 4) In case of corporate entity, certified copy of the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.
- 5) Members who have not submitted copy of valid CNIC are once again advised to submit the same without further delay to ensure compliance with the Securities and Exchange Commission of Pakistan (SECP) Notification S.R.O. 275(i)/2016 dated March 31, 2016 read with Notification S.R.O. 19(I)/2014 dated January 10, 2014 and Notification S.R.O. 831(I)/2012 dated July 5, 2012.

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

- 6) In accordance with Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulation 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that given bank mandate for dividend payments is **MANDATORY** and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the particulars relating to name, folio number, bank account number, IBAN Number, title of account and complete mailing address of the bank directly to the Company's Share Registrar in case of physical shareholders and directly to the relevant Participant / CDC Investor Account Service in case of maintaining shareholding under Central Depository System (CDS).

In case of non-receipt of above information, the dividend shall be withheld.

- 7) The financial statements for the year ended June 30, 2018 shall be uploaded on the Company's website www.nagina.com twenty one days prior to the date of holding of annual general meeting.
- 8) Pursuant to SECP Notification S.R.O. 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form available on Company's website.
- 9) Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.
- 10) If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.
- 11) Members are requested to promptly notify the Company of any change in their registered address.

12) IMPORTANT:

- a) Pursuant to the provisions of the Finance Act, 2018, effective July 1, 2018, the rates of deduction of income tax from dividend payments under the income Tax Ordinance have been revised as follows:
- i) Rate of tax deduction for filer of income tax return 15%
 - ii) Rate of tax deduction for non-filer of income tax return 20%

To enable the company to make tax deduction on the amount of cash dividend @15% instead of 20%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @20% instead of 15%.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on "Filer/ Non-Filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in writing, within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint-holder(s).

- b) Shareholders are again requested to provide copy of CNIC/NTN, e-Dividend information and change of address to (i) respective Central Depository System (CDS) Participant and (ii) in case of physical securities to the Company's Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd., 1st Floor, H.M. House, 7-Bank Square, Lahore.
- c) Shareholders are requested to contact the Registered Office of the Company or the Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore for collection of their unclaimed shares / unpaid dividend which they have not received due to any reasons.

STATEMENT AS REQUIRED UNDER THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017.

Members had approved a special resolution u/s 208 of the repealed Companies Ordinance, 1984 (u/s 199 of the Companies act, 2017) on October 28, 2015. The Company has not made any investment under the resolution. Following is the status:

<p>a. Total investment approved.</p>	<p>Rs.75,000,000/= (Rupees seventy five million only) to each of the following associated company: i) Nagina Cotton Mills Ltd. (NCML) ii) Prosperity Weaving Mills Ltd. (PWML)</p>																																			
<p>b. Amount of investment made to date:</p>	<p>Nil</p>																																			
<p>c. Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time; and</p>	<p>No deviation from approved timeline, due to better cash flows, the associated companies did not need funds envisaged u/s 199 of the Companies Act, 2017. Therefore, no investment transaction took place during the year 2017-18.</p>																																			
<p>d. Material change in Financial Statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.</p>	<table border="1"> <thead> <tr> <th></th> <th colspan="2">Present Financial Position as on June 30, 2018</th> <th colspan="2">Financial Position at the time of approval as on June 30, 2015</th> </tr> <tr> <th></th> <th>NCML</th> <th>PWML</th> <th>NCML</th> <th>PWML</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="4" style="text-align: center;">Rupees in Millions</td> </tr> <tr> <td>Net sales</td> <td>5,878.554</td> <td>6,212.431</td> <td>4,208.114</td> <td>5,811.482</td> </tr> <tr> <td>Gross profit</td> <td>514.147</td> <td>355.552</td> <td>389.233</td> <td>318.755</td> </tr> <tr> <td>Profit/(loss) before tax</td> <td>223.557</td> <td>54.697</td> <td>148.032</td> <td>31.188</td> </tr> <tr> <td>Profit/(loss) after tax</td> <td>158.202</td> <td>54.697</td> <td>133.689</td> <td>60.831</td> </tr> </tbody> </table>		Present Financial Position as on June 30, 2018		Financial Position at the time of approval as on June 30, 2015			NCML	PWML	NCML	PWML		Rupees in Millions				Net sales	5,878.554	6,212.431	4,208.114	5,811.482	Gross profit	514.147	355.552	389.233	318.755	Profit/(loss) before tax	223.557	54.697	148.032	31.188	Profit/(loss) after tax	158.202	54.697	133.689	60.831
	Present Financial Position as on June 30, 2018		Financial Position at the time of approval as on June 30, 2015																																	
	NCML	PWML	NCML	PWML																																
	Rupees in Millions																																			
Net sales	5,878.554	6,212.431	4,208.114	5,811.482																																
Gross profit	514.147	355.552	389.233	318.755																																
Profit/(loss) before tax	223.557	54.697	148.032	31.188																																
Profit/(loss) after tax	158.202	54.697	133.689	60.831																																

Vision:

To be a dynamic, profitable and growth oriented company.

Mission:

To be the leading producer of cotton and blended yarn for knitting and weaving for local and international customers manufacturing well-known textile brands.

To strive for excellence and sustain position as a preferred supplier for yarn with a customer focused strategy.

Continuous enhancement the quality objectives for customer satisfaction and operational efficiencies.

To achieve the comparative advantage by employing latest technologies for enhancing the efficiency and productivity.

To build enduring relationship with our suppliers by giving them fair return on their products and services.

To provide a professional, open and participative environment to our dedicated employees for developing their potential and team performance.

To give consistent financial returns to the shareholders on their investments.

To be responsible to the society, employees and communities in which we operate by initiating health care, education and social welfare activities.



Control Union Certifications
P.O. Box 161, 8000 AD Zwolle, The Netherlands
<http://www.controlunion.com>
tel.: +31(0)38-4260100

CERTIFICATE OF COMPLIANCE (Scope Certificate)

CERTIFICATE No: CU809299GOTS-02.2018
REGISTRATION No: CU 809299

Control Union Certifications declares that

Nagina Group

91-B-1, M.M. Alam Road,
Gulberg III,
Lahore 54660
PAKISTAN

has been inspected and assessed according to the
Global Organic Textile Standard (GOTS)
version 5.0

and that products of the categories as mentioned below (and further specified in the annex) comply with
this standard:

Fabrics, Yarns

Processing steps / activities carried out under responsibility of the above mentioned company (by the
operations as detailed in the annex) for certified products

Exporting, Spinning, Weaving

This certificate is Valid until: 21 January 2019

Place and date of issue:
Colombo-07, 30 March 2018

Stamp of the issuing body

Standard's Logo

Name of authorised person


On behalf of the Managing Director
Miss H.M.U.K. Herath

Certifier



This Certificate of Compliance provides no proof that any goods delivered by its holder are GOTS certified. Proof of GOTS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them.

The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.

Accredited by: Dutch Accreditation Council (RVA), Accreditation No: C 412



Control Union Certifications
P.O. Box 161, 8000 AD Zwolle, The Netherlands
<http://www.controlunion.com>
tel.: +31(0)38-4260100

CERTIFICATE OF COMPLIANCE

(Scope Certificate)

CERTIFICATE No: CU809299GRS-01.2018
REGISTRATION No: CU 809299

Control Union Certifications declares that

Nagina Group
91-B-1, M.M. Alam Road,
Gulberg III,
Lahore 54660
PAKISTAN

has been inspected and assessed according to the

Global Recycled Standard (GRS)

Version 4.0

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Fabrics, Yarns

Processing steps / activities carried out under responsibility of the above mentioned company (by the operations as detailed in the annex) for certified products

Exporting, Spinning, Weaving

This certificate is Valid until: 05 June 2019

Place and date of issue:
Colombo-07, 06 June 2018

Stamp of the issuing body

Standard's Logo

Name of authorised person

On behalf of the Managing Director
Miss H.M.U.K. Herath
Certifier



This certificate cannot be used as a transaction certificate.

The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.


Control Union Certifications
P.O. Box 161, 8000 AD Zwolle, The Netherlands
<http://www.controlunion.com>
tel.: +31(0)38-4260100

CERTIFICATE OF COMPLIANCE

(Scope Certificate)

CERTIFICATE No: CU809299OCS-02.2018

REGISTRATION No: CU 809299

Control Union Certifications declares that

Nagina Group
91-B-1, M.M. Alam Road,
Gulberg III,
Lahore 54660
PAKISTAN

has been inspected and assessed according to the

Organic Content Standard (OCS)

Version 2.0

Organic Content Standard 100

Organic Content Standard Blended

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Fabrics, Yarns

Processing steps / activities carried out under responsibility of the above mentioned company (by the operations as detailed in the annex) for certified products

Exporting, Spinning, Weaving

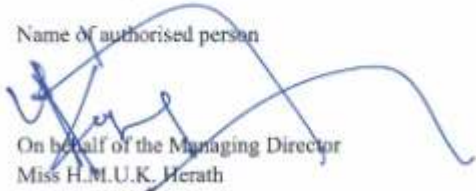
This certificate is Valid until: 23 January 2019

Place and date of issue:
Colombo-07, 30 March 2018

Stamp of the issuing body

Standard's Logo

Name of authorised person


On behalf of the Managing Director
Miss H.M.U.K. Herath
Certifier



This certificate cannot be used as a transaction certificate.
The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.



Control Union Certifications B.V.
Meeuwenlaan 4-6, 8011 BZ Zwolle, The Netherlands.
Phone +31384260100
Fax +31384237040
email: certification@controlunion.com

CERTIFICATE OF COMPLIANCE

(Scope Certificate)

CERTIFICATE No: CU809299RCS-01.2018

REGISTRATION No: CU 809299

Control Union Certifications declares that

**Nagina Group
91-B-1, M.M. Alam Road,
Gulberg III,
Lahore 54660
PAKISTAN**

has been inspected and assessed according to the

Recycled Claim Standard (RCS-NL)

Version 2.0

Recycled Claim Standard 100

Recycled Claim Standard

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Fabrics, Yarns

Processing steps / activities carried out under responsibility of the above mentioned company (by the operations as detailed in the annex) for certified products

Exporting, Spinning, Weaving

This certificate is Valid until: 05 June 2019

Place and date of issue:
Colombo-07, 06 June 2018

Stamp of the issuing body

Standard's Logo

Name of authorised person


On behalf of the Managing Director
Miss H.M.U.K. Herath
Certifier



This certificate cannot be used as a transaction certificate.

The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.

CERTIFICATE

The company

Ellicot Spinning Mills Ltd
91, B1 M.M. ALAM ROAD, GULBERG III
54000 LAHORE, PAKISTAN

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report **20180K0749**



for the following articles:

Greige yarns made of 100% cotton and its mixtures with polyester and elastane. Partly based on pre-certified material according to STANDARD 100 by OEKO-TEX®.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Appendix 6, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Appendix 6 for baby articles.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.), the American requirement regarding total content of lead in children's articles (CPSIA; with the exception of accessories made from glass) and of the Chinese standard GB 18401:2010 (labelling requirements were not verified).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 20150K0011 is valid until 31.01.2019

Alcoy (Alicante) España, 04.06.2018

Silvia Devesa Valencia
Innovation Assistant Manager



Isabel Soriano Sarrió
Chief of Innovation Area



REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF BOARD AND EFFECTIVENESS OF THE ROLE PLAYED BY THE BOARD IN ACHIEVING THE COMPANY'S OBJECTIVES

The Board of Directors (the Board) of Ellcot Spinning Mills Limited (ESML) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 (previously Companies Ordinance 1984) and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Code).

- The Board has actively participated in strategic planning process, enterprise risk management system, policy development and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the directors' report is published with the quarterly and annual financial statement of the Company and the content of the directors' report are in accordance with the requirement of applicable laws and regulations;
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary and Head of Internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

The annual evaluation of the Board's performance is assessed based on the key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates; the risks faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of ESML has played a key role in ensuring that the Company objectives are not only achieved, but also exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.



Shahzada Ellahi Shaikh
Chairman

Lahore: September 27, 2018

بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے نمونہ کردار پر چیئرمین کی جائزہ رپورٹ

ایگلوٹ سپننگ ملز لمیٹڈ (ESML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصہ داروں کے بہترین مفاد کو برقرار رکھنے میں اپنی ذمہ داریاں سمجھتی ہے اور کمپنی کے امور کو موثر اور بروقت انداز سے منظم کیا ہے۔ بورڈ نے یکم اپریل 2017 (سابقہ یکم اپریل 1984) اور ایکٹو کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 میں دیئے گئے اپنے اختیارات اور ذمہ داریوں کو بخوبی سرانجام دیا ہے۔

• بورڈ نے اسٹریٹجک منصوبہ بندی کے عمل، ادارے کے لائحہ عمل، پالیسی ڈیولپمنٹ، اور مالیاتی ساخت کی نگرانی اور منظوری میں فعال طور پر حصہ لیا ہے۔

• سال بھر میں تمام اہم مسائل، بورڈ یا اس کی کمیٹیوں کے روبرو کاروباری فیصلہ سازی کے عمل کو مضبوط بنانے کے لئے پیش کئے گئے اور خاص طور پر کمپنی کی طرف سے کئے گئے تمام متعلقہ پارٹی کے ساتھ لین دین کو آڈٹ کمیٹی کی سفارشات پر بورڈ نے منظوری دی۔

• بورڈ نے اس بات کو یقینی بنایا ہے کہ اندرونی کنٹرول کا مناسب نظام موجود ہے اور خود تشخیصی طریقہ کار اور ریسٹریکٹڈ آڈٹ سرگرمیوں کے ذریعے اس کی باقاعدگی سے جانچ پڑتال کی جاتی ہے۔

• بورڈ نے مجلسِ نظامہ کی رپورٹ کی تیاری اور منظوری دی ہے اور اس بات کو یقینی بنایا ہے کہ مجلسِ نظامہ کی رپورٹ کمپنی کی سماجی اور سلاہ نامائی حسابات کے ساتھ شائع ہوئی اور مجلسِ نظامہ کی رپورٹ کا مواد قابل اطلاق قوانین اور قواعد و ضوابط کے مطابق ہے۔

• بورڈ نے چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر، کمپنی سیکرٹری، اور انٹرنل آڈٹ کے سربراہ کی ملازمت، کارکردگی اور معاوضہ سازی کو یقینی بنایا ہے۔

• بورڈ نے اس کے اراکین کے درمیان بروقت طریقے سے تسلی بخش معلومات کے تبادلے کو یقینی بنایا ہے اور بورڈ کے ممبران کو اجلاس کے درمیان ڈیولپمنٹ ہارے لحد پہلے ہاتھ رکھا گیا ہے اور

• بورڈ نے کمپنی پر قابل اطلاق متعلقہ قوانین اور قواعد و ضوابط کی روشنی میں دیئے گئے اختیارات کے مطابق اپنے اختیارات کا استعمال کیا ہے اور بورڈ نے ہمیشہ بحیثیت ڈائریکٹرز اپنے اختیارات کے استعمال اور فیصلہ سازی کرنے کے برتاؤ میں تمام قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل کو ترجیح دی ہے۔

بورڈ کی سالانہ کارکردگی اہم شعبوں پر مبنی ہے جہاں بورڈ کو اعلیٰ درجے کی نگرانی مہیا کرنے، بشمول اسٹریٹجک عمل، کلیدی کاروباری امور، سنگ میل کی تکمیل، عالمی معاشی ماحول اور مسابقتی سیاق و سباق جس میں کمپنی کام کرتی ہے، کمپنی کے کاروبار کو درپیش خطرات، بورڈ کے محرکات، صلاحیت اور معلومات مہیا کرنے کے لئے وضاحت دینے کی ضرورت ہوتی ہے۔ مذکورہ بالا کی بنیاد پر، یہ مناسب طور پر کہا جاسکتا ہے کہ ESML کے بورڈ نے اس بات کو یقینی بنانے میں اہم کردار ادا کیا ہے کہ کمپنی کے مقاصد کو نہ صرف حاصل کیا جاسکتا ہے، بلکہ بورڈ اور اس کے ارکان کی راہنمائی اور نگرانی کے ذریعہ انتظامیہ ٹیم کی مشترکہ کوششوں، کے ساتھ توقعات سے بھی آگے بڑھا جاسکتا ہے۔

شہزاد علی شیخ

چیئرمین

27 ستمبر 2018

DIRECTORS' REPORT TO THE MEMBERS

The Directors have the honour to present 30th Annual Report of your Company together with Audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2018. Figures for the previous year ended June 30, 2017 are included for comparison.

Company Performance

Alhamdulillah, the company has earned an after tax profit of Rs.130,514,596 compared to 77,670,924 showing an increase of 68.04% over last year. Better profitability is because of better yarn sale rates, export rebate scheme and rationalization of PKR exchange rate to USD. Earning per share (EPS) for the year is Rs. 11.92 compared to Rs. 7.09 for the same period of last year (SPLY).

Sales revenue for the year is Rs. 5,563,118,648 compared to Rs. 4,868,596,391 during the SPLY showing an increase of 14.27% over the previous year. Sales have risen as a result of better sale rates as well as volume increase. Higher sales value and strict cost controls helped to reduce cost of sales from 93.49% of sales to 92.69% of sales. Increase in revenue and decrease in cost of sales resulted in increase in Gross Profit (GP) by 28.30% over the SPLY.

Higher export sales caused distribution costs increase from 0.66% of sales of last year to 0.81% of sales for the current year. Administrative expenses increased by 16.57% over the last year due to inflationary impact. Other expenses increased from 0.32% of sales of last year to 0.61% of sales for the current year. The main reason for this substantial increase is due to recognition of impairment loss amounting to Rs.20,174,799/= in the value of short term investment. We hope that with improvement in stock market the recognized impairment losses will be reversed in the future. The other income increased by 132.38% over the SPLY mainly due to dividend earnings through investment portfolio in listed equity securities.

The Company has been able to generate stable cash flows and make timely discharge of all its operating and financial liabilities. Higher deployment of funds in stock in trade resulted in more working capital lines utilization. Due to this finance cost increased from 1.19% of sales during SPLY to 2.07% of sales during the year under review.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2018-19, Kapas, (seed cotton) arrivals upto September 15, 2018, at the Gineries totaled 2.517 million bales compared to 2.366 million bales for the year 2017-18 showing increase in arrival of 6.42%.

Capital Assets Investment

Members are aware that in line with Company's strategic plans to continue to diversify its product line, addition of new qualities and blends of yarn and improvement in the production capacity of the plant the company went into a major state of the art BMR/ expansion project. The BMR project will help to improve quality, reduce operating costs and diversify products. The BMR project will help the company to cater to the needs of our quality conscious domestic and international buyers. We are pleased to report that the project has been successfully installed and is giving quality production. The value of investment in the BMR/ expansion project was approximately Rs. 1.625 billion.

Future Outlook

The year under review was a reasonably profitable year. Profitability improved on the back of better yarn prices and timely purchase of raw materials. Rupee devalued approximately 18% against the USD which helped to improve profitability. However, currencies of regional countries have also devalued substantially and this may dilute our competitive advantage. Trade tensions between USA and China is affecting textile business with china. Customers are adopting cautious positions in their buying pattern and yarn and fabric prices are falling.

The export package for yarn business expired on June 30, 2018 putting further pressure on margins. It is hoped that the new Government would bring in business friendly policies such as uninterrupted energy supplies in cost effective manner, refund of outstanding sales tax, income tax, DTL and technology upgradation funds so that liquidity constraints of the company and the textile sector is eased out. The production of raw cotton in the country for 2018-19 season is estimated to be approximately 11 million bales. Therefore, imports of raw cotton will be required to meet the raw material needs of the spinning industry.

Dividend

The Board of Directors have recommended cash dividend @60% i.e. Rs.6/= per ordinary share for the year ended June 30, 2018. The dividend will amount to Rs.65,700,000.

Principal Activity

The principal activity of the Company is manufacturing and sale of yarn.

Principal Risks and Uncertainties

The Board of Directors are responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential adverse impact of risks.

The Company's principal financial liabilities, comprise long term finances, trade and other payables and short term borrowings. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's principal financial assets comprise of trade debts, advances, short-term deposits, other receivables and cash and bank balances that arise directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Material Changes and Commitments

No adverse material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.

ISO 9001: 2015 Certification

The Company continues to operate at high standards of quality and had obtained latest version of certification valid until July 10, 2021. The quality control certification helps to build up trust of new and old customers.

Corporate Social Responsibility

The Company strongly believes in the integration of Corporate Social Responsibility into its business, and consistently endeavors to uplift communities that are influenced directly or indirectly by our business.

Environment, Health and Safety

The Company maintains safe working conditions avoiding the risk to the health of employees and public at large. The management has maintained safe environment in all its operations throughout the year and is constantly upgrading their safety and living facilities.

Safety is a matter of concern for machinery as well as the employees working at plant. Fire extinguishers and other fire safety equipments have been placed at sites as well as registered and head office of the Company. Regular drills are performed to ensure efficiency of fire safety equipments.

Internal Financial Controls

A system of sound internal control is established and implemented at all levels of the Company by the Board of Directors. The system of internal control is sound in design for ensuring achievement of Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

Related Parties

All related party transactions during the financial year ended June 30, 2018 were reviewed by the Audit Committee and approved by the Board of Directors. All the related parties' transactions were in line with the transfer pricing methods approved the Board of Directors.

Shareholding Pattern

The shareholding pattern as at June 30, 2018 for ordinary shares is annexed.

Appointment of Auditors

Messrs Rahman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants, Lahore are due to retire and being eligible, offer themselves for re-appointment as auditors for the financial year 2018-19. The Audit Committee has recommended for re-appointment of present auditors.

Financial Statements Audit

Financial statements of the Company have been audited without any qualification by Messrs Rahman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants, the statutory external auditors of the Company.

Corporate Governance & Financial Reporting Framework

Further, Directors are pleased to report that:

- a) The financial statements prepared by the management of the Company present fair state of Company's operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements any departures therefrom has been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no doubts upon the Company's ability to continue as a going concern.
- g) Key operating and financial data for the last six years is annexed.
- h) There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2018 except for those disclosed in the financial statements.

Composition of Board

Total number of Directors:

- a) Male: 7 (Male)
 b) Female: Exempted for current term

Composition:

- (i) Independent Directors: 1 (One)
 (ii) Other Non-executive Directors 5 (Five)
 (iii) Executive Director 1 (One)

Name of Directors

Mr. Shahzada Ellahi Shaikh, Chairman
 Mr. Syed Moaz Mohiuddin
 Mr. Jamal Nasim
 Mr. Shaukat Ellahi Shaikh
 Mr. Shafqat Ellahi Shaikh
 Mr. Raza Ellahi Shaikh
 Mr. Amin Ellahi Shaikh

Committees of the Board:

The Board has made following sub-committees:

Audit Committee Meetings

Sr. No.	Name of Directors	Designation
1.	Mr. Syed Moaz Mohiuddin	Chairman
2.	Mr. Shaukat Ellahi Shaikh	Member
3.	Mr. Amin Ellahi Shaikh	Member

Human Resource and Remuneration (HR&R) Committee Meetings

Sr. No.	Name of Directors	Designation
1.	Mr. Syed Moaz Mohiuddin	Chairman
2.	Mr. Raza Ellahi Shaikh	Member
3.	Mr. Amin Ellahi Shaikh	Member

Executive Committee

Sr. No.	Name of Directors	Designation
1.	Mr. Shaukat Ellahi Shaikh	Chairman
2.	Mr. Shahzada Ellahi Shaikh	Member
3.	Mr. Shafqat Ellahi Shaikh	Member
4.	Mr. Amin Ellahi Shaikh	Member

Significant Features of Directors' Remuneration

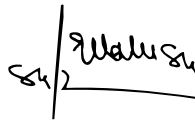
The Board of Directors has approved a formal policy for remuneration of executive and non-executive directors depending upon their responsibility in affairs of the Company. The remuneration is commensurate with their level of responsibility and expertise needed to govern the Company successfully and to encourage value addition from them.

Non-executive directors including the independent director are entitled only for fee for attending the Board and its committees' meetings. Remuneration of executive and non-executive directors shall be approved by the Board, as recommended by the Human Resource and Remuneration Committee.

Acknowledgment

Continued diligence and devotion of the staff and workers of the Company and good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their thanks to the bankers and other stakeholders for their continued support to the Company.

On behalf of the Board



Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)



Shahzada Ellahi Shaikh
Chairman

Lahore: September 27, 2018

ممبران کے لئے ڈائریکٹرز کی رپورٹ

مجلس انعام 30 جون 2018 کو اختتام سال کے لئے کئی کی 30 ویں سالانہ رپورٹ مع نظر ثانی شدہ مالیاتی حسابات اور اس پر محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہی ہے۔ 30 جون 2017 کو ختم ہونے والے گزشتہ سال کے اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔

مالیاتی نتائج

اُمداد، کئی نے گزشتہ سال اعداد و گیس منافع 77,670,924 روپے کے مقابلے اس سال اعداد و گیس منافع 130,514,596 روپے کمایا ہے جو گزشتہ سال سے 68.04 فیصد اضافہ دکھاتا ہے۔ منافع میں بہتری سوت کی شرح فروخت میں بہتری، برآمد چھوٹ اسکیم اور امریکی ڈالر سے پاکستانی روپیہ کی شرح مبادلہ کی رجسٹرڈ ٹرینیشن کی وجہ سے ہے۔ فی شیئر آمدنی (EPS) گزشتہ سال کی 7.09 روپے کے مقابلے میں زریچا گزشتہ سال کے لئے 11.92 روپے ہے۔

اس سال کی فروخت کی آمدنی 5,563,118,648 روپے ہے جو کہ گزشتہ سال کے دوران 4,868,596,391 روپے تھی اور یہ گزشتہ سال سے 14.27 فیصد اضافہ دکھاتا ہے۔ فروخت میں اضافہ فروخت کی بہتر شرحوں اور حجم میں اضافہ کے نتیجے میں ہوا۔ زیادہ فروخت کی قدر اور لاگت پر سخت کنٹرول نے فروخت کی لاگت کو فروخت کی 93.49 فیصد سے فروخت کی 92.69 فیصد تک کم کرنے میں مدد کی ہے۔ آمدنی میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں مجموعی منافع (GP) میں گزشتہ سال کی اسی مدت سے 28.30 فیصد تک اضافہ ہوا ہے۔

زیادہ برآمدی فروخت کی وجہ سے تقسیم کے اخراجات پچھلے سال میں فروخت کے 0.66 فی صد سے موجودہ سال میں فروخت کے 0.81 فی صد تک زیادہ ہوئے۔ اخراجات کے اثرات کی وجہ سے انتظامی اخراجات گزشتہ سال سے 16.57 فیصد تک زیادہ ہوئے۔ دیگر اخراجات گزشتہ سال کی فروخت کے 0.32 فیصد سے بڑھ کر اس سال فروخت کے 0.61 فیصد ہو گئے۔ اس بیماری اضافہ کی بڑی وجہ منظر عدنی سرمایہ کاری کی قدر میں 20,174,799 روپے کی کمی (انکمپنٹ منٹ) کے نقصانات کو درج کرنا ہے۔ ہمیں امید ہے کہ اسٹاک مارکیٹ میں بہتری آنے کے ساتھ ورج شدہ کمی (انکمپنٹ منٹ) کے نقصانات مستقبل میں واپس آجائیں گے۔ دیگر آمدنی ایکٹیو سیکورٹیز میں سرمایہ کاری پورٹ فولیو کے ذریعے منافع تقسیم آمدنی کی بدولت گزشتہ سال کی اسی مدت سے بڑھ کر 132.38 فیصد ہو گئی۔

کئی اپنے تمام کاروباری اور مالیاتی ذمہ داریاں بروقت ادا کرنے اور منظم نقدی بہاؤ پیدا کرنے کے قابل رہی۔ تھماری اسٹاک میں زیادہ پھیلاؤ کی لاگت کے نتیجے میں زیادہ ورکنگ کپٹل خرچوں کا استعمال ہوا۔ اس کی بدولت مالی لاگت گزشتہ سال کی اسی مدت کے لئے فروخت کی 1.19 فیصد سے بڑھ کر زریچا گزشتہ سال کے دوران فروخت کی 2.07 فیصد ہو گئی۔

پاکستان کا فن ہنز زایوسی ایشن کی طرف سے فصل سال 2018-19 کے لئے ہماری کردہ اعداد و شمار کے مطابق 15 ستمبر 2018 تک جنرل کے پاس کپاس، (پچ کپاس) کی پختگی سال 2017-18 کے لئے کل 2,366 ملین کٹھنوں کے مقابلے میں 2,517 ملین کٹھنیں ہوئی جو کہ 6.389 فیصد کا اضافہ دکھاتا ہے۔

طویل مدتی اثاثوں کی سرمایہ کاری

ارکان آگاہ ہیں کہ اپنی بیاداری لائن کی تنوع، نئی کوالٹی کے اضافہ اور سوت کے پلینڈز اور پلانٹ کی بیاداری صلاحیت میں بہتری جاری رکھنے کے لئے کئی کے اسٹریٹجک منصوبوں کے مطابق کئی ایک اہم جدید قوانین، جدت اور تبدیلی (BMR) توسیع کے پراجیکٹ میں داخل ہوئی ہے۔ BMR پراجیکٹ کو اپنی کو بہتر بنانے، مکاروباری اثرا پالت کو کم کرنے اور مصنوعات کی تنوع میں معاون ہوگا۔ BMR پراجیکٹ ہمارے کو اپنی کے منگاشی مقامی اور بین الاقوامی خریداروں کی ضروریات پوری کرنے میں کئی کی مدد کرے گا۔ ہم یہ بتاتے ہوئے خوشی محسوس کر رہے ہیں کہ پراجیکٹ کی منصوبہ کاری سے مکمل ہو گئی ہے اور یہ کو اپنی کی بیاداری سے رہا ہے۔ BMR توسیع پراجیکٹ میں سرمایہ کاری کی قدر تقریباً 1.625 ملین روپے تھی۔

مستقبل کا نظریہ

زریچا گزشتہ سال موزوں منافع بخش سال تھا۔ سوت کی قیمتوں میں بہتری اور خام مال کی بروقت خریداری کی بنیاد پر منافع یابی بہتر ہوئی۔ امریکی ڈالر کے برعکس روپیہ کی قدر میں تقریباً 18% کمی ہوئی جس نے منافع کو بہتر بنانے میں مدد کی۔ تاہم، علاقائی ممالک کی کرنسیوں کی قدر میں کمی کافی کمی ہوئی اور یہ ہمارے مستقبلاتی فائدہ کو کم کر سکتی ہے۔ امریکہ اور چین کے درمیان تھماری تناؤ چین کے ساتھ ٹیکسٹائل کاروبار کو متاثر کر رہا ہے۔ گا کہ اپنے خریداری کے رجحان میں ہٹنا پوزیشن اختیار کر رہے ہیں اور سوت اور پتلے کی قیمتیں گری رہی ہیں۔

30 جون 2018 کو ختم ہوجانے والا برآمدی پیکج سوت کے کاروبار کے لئے منافع جات پر مزید ویاؤ بڑھا رہا ہے۔ یہ امید کی جا رہی ہے کہ نئی حکومت کا رو پار میں دوستانہ پالیسیاں لانے کی جیسے کہ موخر لائیو بلا نقل توانائی کی فراہمی، بجلیا پکٹنگس کی واپسی، مائیکم گیس، DTL اور ٹیکسٹائل ٹی اے پ گریڈیشن ٹنڈر تاکہ کئی اور ٹیکسٹائل سیکٹر کے نقدی بہاؤ کے تناؤ کو کم کیا جاسکے۔ سال 2018-19 سیزن کے لئے ملک میں خام کپاس کی بیاداری کا تخمینہ 11 ملین کٹھنیں لگا یا گیا ہے۔ لہذا، سینگل انڈسٹری کی خام مال کی ضروریات کو پورا کرنے کے لئے خام کپاس درآمد کرنا ہوگی۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2018 تخمینہ سال کے لئے منافع منقسمہ بشرط 60% یعنی 6 روپے فی عام شیئرز کی سٹاک کی ہے۔ منافع منقسمہ کی رقم 65,700,000 روپے ہوگی۔

نہلیاں سرگرمی

کمپنی کی اصل سرگرمی سوتڑ کی تیاری اور فروخت کرنا ہے۔

نہلیاں خطرات اور غیر یقینی حالات

بورڈ آف ڈائریکٹرز کمپنی کے آپریشنز کی نگرانی اور خطرات کے کسی ممکنہ منفی اثر کا سدباب کے لئے مؤثر حکمت عملی وضع کرنے کے ذمہ دار ہیں۔

کمپنی کی اصل مالی ادا کیلیں میں طویل مدتی قرضے، تجارتی اور دیگر ادائیگیاں اور مختصر مدتی قرضے شامل ہیں۔ ان مالی ادا کیلیں کا اہم مقصد کمپنی کے آپریشنز کے لئے فنڈس کا بندوبست کرنا ہے۔ کمپنی کے اصل مالیاتی اثاثوں میں تجارتی وصولیاں، پیشگی ادائیگیاں، مختصر مدتی ڈیپازٹس، دیگر وصولیاں اور نقدی اور بینک بیلنسز شامل ہیں جو اس کے آپریشنز سے براہ راست حاصل ہوتے ہیں۔

کمپنی کی سرگرمیوں کو کئی قسم کے مالیاتی خطرات کا سامنا ہے۔ جس میں مارکیٹ خطرہ (بشمول کرنسی خطرہ، شرح سود کا خطرہ اور قیمت کا خطرہ) اور صارف کا خطرہ اور نقدی بہاؤ کا خطرہ شامل ہے۔

کمپنی کا مجموعی ریسک منجانب سے دیگر مالیاتی مارکیٹوں کی غیر متوقعات پر قبضہ مرکوز اور مالی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔

اہم تبدیلیاں اور معاہدات

اس بیلنس شیٹ سے متعلقہ مالی سال کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان، کمپنی کی مالی حیثیت پر اثر انداز ہونے والی کوئی اہم منفی تبدیلیاں اور معاہدات جو رونما نہیں ہوئے۔

آئی ایس او 9001:2015 سرٹیفیکیشن

کمپنی کو ایٹمی کے اعلیٰ معیارات پر کام جاری رکھتی ہے اور 10 جولائی 2021 تک کارآمد سرٹیفیکیشن کا حالیہ ورژن حاصل کر چکی ہے۔ کوالٹی کنٹرول سرٹیفیکیشن سے نئے اور پرانے گا کیوں کا اختتام آجیہ کرنے میں مدد ملتی ہے۔

کاروباری سماجی ذمہ داری

کمپنی اپنے کاروبار میں کاروباری سماجی ذمہ داری کے انضمام پر پابند یقین رکھتی ہے اور وہ گہری توجہ ہمارے کاروبار سے براہ راست پایا اوسط طور پر متاثر ہو رہی ہیں ان کی ترقی کے لئے مسلسل کوشاں ہیں۔

ماحول، صحت اور تحفظ

کمپنی اپنے ملازمین اور عوام کی صحت کو برپائش خطرات سے بچانے کے لئے محفوظ کام کے حالات کو برقرار رکھتی ہے۔ ان نظام نے سال بھر اپنے تمام انتظامات میں محفوظ ماحول کو برقرار رکھا ہے اور مسلسل ان کی حفاظت اور زندگی کی سہولیات کو بہتر بنا رہی ہے۔

مشیر فی اور ساتھ میں پلانٹ پر کام کرنے والے ملازمین کا تحفظ ایک تشویش کی بات ہے۔ آگ بجھانے والے آلات اور آگ سے بچاؤ کے دیگر آلات کمپنی کی سائٹس کے ساتھ ساتھ اس کے رجسٹرڈ اور مرکزی دفتر میں نصب کئے گئے ہیں۔ آگ سے بچاؤ کے آلات کی کارکردگی کو یقینی بنانے کے لئے باقاعدہ مشقوں کی جاتی ہیں۔

اندرونی مالیاتی کنٹرول

بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے تمام سطحوں پر مشروط اندرونی کنٹرول کا ایک نظام قائم اور نافذ کیا گیا ہے۔ اندرونی کنٹرول کا نظام کمپنی کے مقاصد اور آپریشنل معیاری اور کارکردگی کے حصول، قابل اعتماد مالیاتی رپورٹنگ اور قواعد و ضوابط اور پالیسیوں کی تعمیل کو یقینی بنانے کے لئے ڈیزائن میں منظم ہے۔

متعلقہ پارٹیاں

30 جون 2018 کو ختم ہونے والے مالی سال کے دوران تمام متعلقہ پارٹی کے ساتھ لین دین کا آڈٹ کمپنی نے جائزہ لیا اور بورڈ آف ڈائریکٹرز کی طرف سے منظور دی گئی ہے۔ تمام متعلقہ پارٹیوں کے ساتھ لین دین بورڈ آف ڈائریکٹرز سے منظور شدہ منتقلی قیمتوں کے مطابق تھے۔

نمونہ حصص داری

30 جون 2018 کے مطابق عام شیئرز کے لئے نمونہ حصص داری شکل کیا گیا ہے۔

آڈیٹرز کی تقرری

ریٹائر ہونے والے ایسرسر زمان سرفراز رحیم اقبال رفیق، چارٹڈ اکاؤنٹنٹس، لاہور نے اہل ہونے کی بنا پر مالی سال 2018-19 کے لئے بحیثیت آڈیٹرز دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ آڈٹ کمپنی نے موجودہ آڈیٹرز کی دوبارہ تقرری کی منظوری دے دی ہے۔

مالیاتی حسابات کا آڈٹ

کمپنی کے مالی حسابات، کمپنی کے قانونی ایکسٹرنل آڈیٹرز ہنسرت زمان سرفراز رحیم اقبال رفیق، چارٹڈ اکاؤنٹنٹس کی طرف سے کسی کو الیکشن کے بغیر نظر ثانی شدہ ہیں۔

کاروباری نظام اور مالیاتی رپورٹنگ کا طریقہ کار

- a- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات میں کمپنی کے امور مندرجہ ذیل ہمارے امور سرمائے میں تبدیلیوں کو متصفانہ طور پر ظاہر کرتے ہیں۔
- b- کمپنی کے کھاتے جاتے بالکل صحیح طور سے بنائے گئے ہیں۔
- c- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور آئندہ افشاء فیصلوں پر مبنی ہیں۔
- d- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- e- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- f- کمپنی کے وہاں دو اہل ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- g- گزشتہ چھ سال کا تھیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔
- h- ٹیکس ڈیوٹی، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے۔ 30 جون 2018 کو بتایا ہوں، سوائے ان کے جو مالی حسابات میں ظاہر کر دیئے گئے ہیں۔

پورڈ کی ترتیب

ڈائریکٹرز کی کل تعداد:

(a) مرد 7 (سات)

(b) خاتون موجودہ مدت میں مستثنیٰ

ترتیب:

- i۔ آرزو ڈائریکٹرز (ایک) 1
- ii۔ دیگر تین ایگزیکٹو ڈائریکٹرز (پانچ) 5
- iii۔ ایگزیکٹو ڈائریکٹرز (ایک) 1

ڈائریکٹرز کے نام
 جناب شہزادہ امی شیخ چیئرمین
 جناب سید معاذ محمدی الدین
 جناب جمال نسیم
 جناب شوکت امی شیخ
 جناب شہتت امی شیخ
 جناب رضا امی شیخ
 جناب امین امی شیخ
 بورڈ کی کمیٹیاں
 بورڈ آف ڈائریکٹرز نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں:

• آڈٹ کمیٹی

جناب سید معاذ محمدی الدین چیئرمین
 جناب شوکت امی شیخ رکن
 جناب امین امی شیخ رکن

• ہیومن ریسورس اینڈ ریوٹیشن (HR&R) کمیٹی

جناب سید معاذ محمدی الدین چیئرمین
 جناب رضا امی شیخ رکن
 جناب امین امی شیخ رکن

• ایگزیکٹو کمیٹی

جناب شوکت امی شیخ چیئرمین
 جناب شہزادہ امی شیخ رکن
 جناب شہتت امی شیخ رکن
 جناب امین امی شیخ رکن

ڈائریکٹرز کے معاوضہ کی تفصیلات

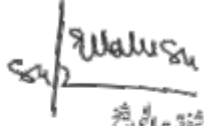
بورڈ آف ڈائریکٹرز نے کمیٹی کے امور میں ان کی ذمہ داری پر مضمرا ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کے لئے رکی پالیسی کی منظوری دی ہے۔ معاوضہ کامپانی سے کمیٹی کو حاکم طریقہ سے چلانے کے لئے ان کی ذمہ داری اور ضروری مہارت اور ان سے دلچسپی اور ایجنٹس کو حاصل کرنے کی سطح کے مطابق ہے۔

آزاد ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز فٹنہ بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے اہل ہیں۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کا معاوضہ بی یو این رٹس اور ایڈ ریج ٹرینشن کمیٹی کی سفارشات پر، بورڈ کی طرف سے منظور کیا گیا ہے۔

انجیل رائفنگ

کمیٹی کے عملے اور کارکنوں کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز کمیٹی کی مسلسل حمایت پر پیگنرز اور دیگر حصہ داروں کا بھی شکریہ ادا کرتے ہیں۔


شہزادہ الٰہی شاہ
چیرمین

منجانب بورڈ

شہزادہ الٰہی شاہ
منجانب ڈائریکٹرز (چیف ایگزیکٹو)

لاہور، 27 ستمبر 2018

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017
FOR THE YEAR ENDED JUNE 30, 2018**

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) in the following manner:

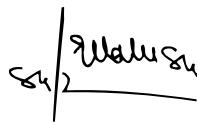
1. The total number of directors are seven as per the following:
 - a) Male: Seven
 - b) Female: Nil (Exempted for current term)
2. The composition of the Board of Directors is as follows:

Category	Names
a) Independent Director	Mr. Syed Moaz Mohiuddin
b) Other Non-Executive Directors	Mr. Jamal Nasim (Nominee NIT) Mr. Shahzada Ellahi Shaikh Mr. Shaukat Ellahi Shaikh Mr. Raza Ellahi Shaikh Mr. Amin Ellahi Shaikh
c) Executive Directors	Mr. Shafqat Ellahi Shaikh

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 the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations).
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the 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 Board remained fully compliant with the provision with regard to their directors' training program. Out of total of seven directors, six directors have obtained certification under Directors' Training Program (DTP) and one Director is exempt from training program under the criterion mentioned in sub-regulation 2 of regulation 20 of the Regulations.
10. The Board has approved appointment of Chief Financial Officer, 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. Chief Financial Officer (CFO) and Chief Executive Officer (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
- Mr. Syed Moaz Mohiuddin, Chairman
Mr. Shaukat Ellahi Shaikh, Member
Mr. Amin Shahzada Ellahi Shaikh, Member
- b. HR and Remuneration (HR & R) Committee
- Mr. Syed Moaz Mohiuddin, Chairman
Mr. Raza Ellahi Shaikh, Member
Mr. Amin Ellahi Shaikh, Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the aforesaid committees were as per following:
- a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2018.
- b) Human Resource and Remuneration Committee: One meeting during the financial year ended June 30, 2018.
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are 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 Institute of Chartered Accountants of Pakistan (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, the 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.

On behalf of the Board



Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)



Shahzada Ellahi Shaikh
Chairman

Lahore: September 27, 2018

SHAREHOLDERS' INFORMATION

Annual General Meeting

The 30th Annual General Meeting of ELLCOT SPINNING MILLS LTD. will be held at the Registered Office of the Company, Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore-54660 on Friday, October 26, 2018 at 11:30 a.m.

Eligible shareholders are encouraged to participate and vote.

Ownership

On June 30, 2018, the Company has 483 Shareholders.

Web Reference

The Company maintains a functional website. Annual, half-yearly and quarterly reports are regularly posted at the Company's website: www.nagina.com

Dividend

The Board of Directors have recommended in their meeting held on September 27, 2018, payment of final cash dividend at the rate of Rs.6/= per share i.e. 60% for the year ended June 30, 2018.

Book Closure

The register of the members and shares transfer books of the Company will remain closed from October 20, 2018 to October 26, 2018 (both days inclusive).

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

In accordance with Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulation 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that given bank mandate for dividend payments is MANDATORY and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following particulars directly to the Company's Share Registrar in case of physical shareholders and directly to the relevant Participant / CDC Investor Account Service in case of maintaining shareholding under Central Depository System (CDS):

<i>Detail of Bank Mandate</i>	
Name of Shareholder	
Folio No. / CDC Account No.	
Cell Number of Shareholder	
Landline Number of Shareholder	
E-mail address	
Title of Bank Account of shareholder	
International Bank Account Number (IBAN) "Mandatory"	PK _____ (24 digits) (kindly provide your accurate IBAN after consulting with your respective bank branch, in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).

Detail of Bank Mandate	
Bank's Name	
Branch Name and Address	
Branch Code	
CNIC No. (copy attached)	
NTN (in case of Corporate Entity)	

It is stated that the above-mentioned information is correct, that I will intimate the changes in the above-mentioned information to the Company and the concerned Share Registrar as soon as these occur.

Signature of the Shareholder

In case of non-receipt of above information, the dividend shall be withheld.

Requirement of CNIC Number / National Tax Number (NTN) Certificate.

As has already notified from time to time, the Securities and Exchange Commission of Pakistan (SECP), vide Notification SRO 275(I)/2016 dated March 31, 2016 read with Notification SRO 19(I)/2014 dated January 10, 2014 and Notification SRO 831(I)2012 dated July 5, 2012 required that dividend warrants should bear Computerized National Identity Card (CNIC) number of the registered member.

Members who have not yet submitted copy of their valid Computerized National Identity Card (CNIC) / National Tax Number (NTN) Certificate (in case of Corporate Entity) are requested to submit the same at the earliest.

Copy of CNIC/NTN may be sent directly to the Share Registrar:

M/s Hameed Majeed Associates (Pvt.) Limited,
1st Floor, H.M. House,
7-Bank Square,
Lahore
Ph# (+92-42) 37235081-82
Fax# (+92-42) 37358817

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001 ("Income Tax Ordinance").

Pursuant to the provisions of the Finance Act, 2018 with effect from July 1, 2018, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- (a) Rate of tax deduction for filer of income tax returns @15%
- (b) Rate of tax deduction for non-filer of income tax returns @20%

All shareholders' of the Company who hold shares in physical form are therefore requested to send a valid copy of their CNIC (individuals) and NTN (Corporate entities) certificate to the Company's Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd. to allow the Company to ascertain the status of the shareholder.

Shareholders of the Company who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Ltd (CDC) are requested to send valid copies of their CNIC (individuals) and NTN (Corporate entities) certificate to their CDC Participants / CDC Investor Account Services.

Where the required documents are not submitted, the Company will be constrained to treat the non-complying shareholders as a non-filer thereby attracting a higher rate of withholding tax.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on "Filer/ Non-Filer" status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in writing, within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s).

Requirement of Valid Tax Exemption Certificate for Claiming Exemption from Withholding Tax.

As per FBR Circulars C.No.1(29)WHT/2006 dated 30 June 2010 and C.No. 1(43)DG(WHT)/2008-Vol.II-66417-R dated May 12, 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under Clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.

Zakat Declaration (Form CZ-50)

The Shareholders claiming exemption from deduction of Zakat are advised to submit their Zakat Declaration Form CZ-50 under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund Rules), 1981 to our Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore. The Shareholders while sending the Zakat Declarations must quote company name and their respective Folio Nos and/or CDCA/c Nos.

Electronic Transmission of Audited Financial Statements and Notice of Annual General Meeting (Notice) Through E-Mail (Optional)

Pursuant to SECP notification S.R.O 787(I)/ 2014 dated September 8, 2014, members, who hold shares in physical form, may inform the Company or Company's Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd., and who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Ltd (CDC) may inform their CDC Participants / CDC Investor Account Services, to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form as given below:

REQUEST FORM FOR ELECTRONIC TRANSMISSION OF AUDITED FINANCIAL STATEMENTS AND NOTICE THROUGH E-MAIL

In terms of SECP notification SRO 787(I)/2014 dated September 8, 2014, I, _____ hereby give my consent for electronic transmission of Audited Financial Statements and Notice through e-mail. My e-mail address is _____.

I undertake that by sending the Audited Financial Statements and Notice through e-mail, by the Company, the Company shall be considered compliant with relevant requirements of sections 55, 132 and 223(6) of the Companies Act, 2017.

It is stated that the above mentioned e-mail address is correct that I will intimate the changes in the above mentioned e-mail address to the Company and the Share Registrar as soon as these occur.

Signature of the Shareholder

Please send the above request form at the following address:

The Secretary,

Ellecot Spinning Mills Ltd., Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore-54660.

e-mail address: mohsin.gilani@nagina.com

or

M/s. Hameed Majeed Associates (Pvt.) Ltd.

1st Floor, H.M. House, 7-Bank Square, Lahore.

e-mail address: shares@hmaconsultants.com

Investor Relations Contact

Mr. Syed Mohsin Gilani, Corporate Secretary

Email: mohsin.gilani@nagina.com, Ph # (+92-42) 35756270, Fax: (+92-42) 35711856

Delivery of the Unclaimed / Undelivered Shares & Dividend

Members are requested to contact the Registered Office of the Company or the Share Registrar, M/s. Hameed Majeed Associates (Pvt) Ltd., 1st Floor, H.M. House, 7-Bank Square, Lahore, for collection of their unclaimed shares / unpaid dividend which they have not received due to any reasons

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2018
CUIN (INCORPORATION NUMBER) 0018985**

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
216	1	100	6,672
111	101	500	35,586
56	501	1,000	45,475
64	1,001	5,000	157,156
15	5,001	10,000	107,216
2	10,001	15,000	25,475
-	15,001	25,000	-
1	25,001	30,000	25,900
-	30,001	40,000	-
1	40,001	45,000	41,345
-	45,001	60,000	-
1	60,001	65,000	64,626
-	65,001	190,000	-
1	190,001	195,000	191,878
-	195,001	215,000	-
1	215,001	220,000	219,359
-	220,001	240,000	-
1	240,001	245,000	242,735
-	245,001	280,000	-
1	280,001	285,000	284,335
-	285,001	370,000	-
1	370,001	375,000	371,743
-	375,001	625,000	-
1	625,001	630,000	628,400
-	630,001	645,000	-
1	645,001	650,000	649,138
-	650,001	660,000	-
3	660,001	665,000	1,993,716
-	665,001	695,000	-
2	695,001	700,000	1,400,000
1	700,001	705,000	704,380
-	705,001	880,000	-
1	880,001	885,000	883,554
-	885,001	1,395,000	-
1	1,395,001	1,400,000	1,400,000
1	1,400,001	1,405,000	1,400,500
			70,811
483	Total:-		10,950,000

INFORMATION UNDER CLAUSE XVI (J) OF THE CODE OF CORPORATE GOVERNANCE AS AT JUNE 30, 2018

Sr #	Categories of Shareholders	Shares Held	Percentage
1)	Directors, Chief Executive Officer, and their Spouse and Minor Children		
i)	MR. SHAHZADA ELLAHI SHAIKH	242,735	2.22
ii)	MR. SHAUKAT ELLAHI SHAIKH	371,743	3.39
iii)	MR. SHAFQAT ELLAHI SHAIKH	284,335	2.60
iv)	MR. RAZA ELLAHI SHAIKH	1,400,000	12.79
v)	MR. AMIN ELLAHI SHAIKH	1,400,500	12.79
vi)	MRS. HUMERA SHAHZADA ELLAHI SHAIKH	1,437	0.01
vii)	MRS. MONA SHAUKAT SHAIKH	1,437	0.01
viii)	MRS. SHAISTA SHAFQAT SHAIKH	1,437	0.01
ix)	MR. JAMAL NASIM	1,000	0.01
x)	MR. SYED MOAZ MOHIUDDIN	500	0.00
		3,705,124	33.84
2)	Associated Companies, Undertakings and Related Parties		
i)	ELLAHI INTERNATIONAL (PVT) LTD.	41,345	0.38
ii)	HAROON OMER (PVT) LTD.	664,572	6.07
iii)	MONELL (PVT) LTD.	664,572	6.07
iv)	ICARO (PVT) LTD.	664,572	6.07
	ARH (PVT) LTD.	628,400	5.74
		2,663,461	24.32
3)	NIT and ICP	Nil	Nil
4)	Banks, Development Finance Institutions, Non Banking Finance Institutions		
i)	ESCORTS INVESTMENT BANK LIMITED	4	0.00
ii)	NATIONAL BANK OF PAKISTAN	396	0.00
iii)	HABIB BANK AG ZURICH, DEIRA DUBAI	4,500	0.04
		4,900	0.04
5)	Insurance Companies	191,878	1.75
6)	Modarabas and Mutual Funds		
	CDC - TRUSTEE AKD OPPORTUNITY FUND	649,138	5.93
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	704,380	6.43
	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	883,554	8.07
		2,237,072	20.43
7)	Shareholders Holding 10% or more		
i)	MR. AMIN ELLAHI SHAIKH	1,400,500	12.79
ii)	MR. RAZA ELLAHI SHAIKH	1,400,000	12.79
		2,800,500	25.58
8)	General Public		
i)	a. Local	2,072,316	11.08
ii)	b. Foreign	-	-
		2,072,316	11.08
9)	Others (Joint Stock Companies)	75,249	0.40

Note:-

M/s. Nagina Cotton Mills Ltd., had distributed 6,545,000 ordinary shares of M/s. Ellicot Spinning Mills Ltd., among its members, out of which 70,811 ordinary shares have yet to be transferred by the members of M/s. Nagina Cotton Mills Ltd., These shares have been shown under the head of "General Public".

KEY FINANCIAL INFORMATION

		2018	2017	2016	2015	2014 restated	2013 restated
Sales	Rs.'000	5,563,119	4,868,596	4,227,910	4,588,788	5,709,484	4,858,426
Gross profit	Rs.'000	406,645	316,950	245,286	291,992	594,188	654,883
Operating profit	Rs.'000	247,172	178,853	110,353	150,505	445,410	503,634
Profit before tax	Rs.'000	132,008	121,013	59,490	90,206	361,435	422,423
Profit after tax	Rs.'000	130,515	77,671	71,165	54,299	297,571	350,335
Share capital - paid up	Rs.'000	109,500	109,500	109,500	109,500	109,500	109,500
Shareholders' equity	Rs.'000	1,549,270	1,449,024	1,418,482	1,384,687	1,407,543	1,251,396
Total assets	Rs.'000	6,253,850	3,353,777	2,870,296	2,377,522	2,366,450	2,185,275
Earning per share - pre tax	Rs.	12.06	11.05	5.43	8.24	33.01	38.58
Earnings per share - after tax	Rs.	11.92	7.09	6.50	4.96	27.18	31.99
Dividend per share	Rs.	6.00	3.50	3.50	3.50	7.00	10.00
Market value per share as on 30 June	Rs.	71.40	103.40	73.39	65.00	73.95	64.89
Gross profit to sales	%	7.31	6.51	5.80	6.36	10.41	13.48
Operating profit to sales	%	4.44	3.67	2.61	3.28	7.80	10.37
Profit before tax to sales	%	2.37	2.49	1.41	1.97	6.33	8.69
Profit after tax to sales	%	2.35	1.60	1.68	1.18	5.21	7.21
Current ratio		1.30:1	1.69:1	2.08:1	2.68:1	2.66:1	2.27:1
Total debt to total assets ratio	%	75.23	56.79	50.58	41.76	40.52	42.74
Debt equity ratio	%	55.10	28.12	30.72	23.80	22.07	24.47

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ELLCOT SPINNING MILLS LIMITED Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ['the Regulations'] prepared by the Board of Directors of **ELLCOT SPINNING MILLS LIMITED** for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulation.

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

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

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

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


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore: September 27, 2018



INDEPENDENT AUDITOR'S REPORT

To the members of ELLCOT SPINNING MILLS LIMITED Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ELLCOT SPINNING MILLS LIMITED** ['the Company'], which comprise the statement of financial position as at June 30, 2018, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, 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 June 30, 2018 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ['ISAs'] as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's *Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of *Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ['the Code'] and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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.

Key audit matter	How our audit addressed the key audit matter
<p>1. Preparation of financial statements under Companies Act, 2017</p> <p>As disclosed in note 3 to the annexed financial statements, the Companies Act, 2017 ['the Act'] became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.</p> <p>We also evaluated the sources of information used by the management for the preparation of these disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p>

Key audit matter

The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

In the case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 3 to the annexed financial statements.

The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from transition to the new reporting requirements under the Act.

How our audit addressed the key audit matter

2. Inventory valuation

Stock in trade amounts to Rs 1,821 million as at the reporting date. The valuation of stock in trade at cost has different components, which includes judgment in relation to the allocation of labour and overheads which are incurred in bringing the stock to its present location and condition. Judgment has also been applied by management in determining the Net Realizable Value ['NRV'] of stock in trade.

The estimates and judgments applied by management are influenced by the amount of direct costs incurred historically, expectations of repeat orders to utilize the stock in trade, sales contract in hand and historically realized sales prices.

To address the valuation of stock in trade, we assessed historical costs recorded in the inventory valuation; testing on a sample basis with purchase invoices. We tested the reasonability of assumptions applied by the management in allocating direct labour and direct overhead costs to inventories.

We also assessed management's determination of the net realizable value of inventories by performing tests on the sales prices secured by the Company for similar or comparable items of inventories.

Key audit matter

The significance of the balance coupled with the judgment involved has resulted in the valuation of inventories being identified as a key audit matter.

The disclosures in relation to inventories are included in note 20.

How our audit addressed the key audit matter**3. Tax contingencies**

As disclosed in note 33 to the annexed financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. Such contingencies require the management to make judgments and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management's judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. For such reasons we have considered tax contingencies as a key audit matter.

Our key audit procedures in this area included, amongst others, a review of the correspondence of the Company with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities.

We also obtained and reviewed confirmations from the Company's external tax advisor for their views on the status of each case and an overall opinion on the open tax position of the Company.

We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 33 to the annexed financial statements.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **ZUBAIR IRFAN MALIK**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore: *September 27, 2018*



STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized capital</i>			
20,000,000 (2017: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid-up capital	7	109,500,000	109,500,000
Capital reserve	8	5,979,403	(2,744,398)
Accumulated profit		1,433,790,978	1,342,268,486
TOTAL EQUITY		1,549,270,381	1,449,024,088
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances - <i>secured</i>	9	1,793,375,699	494,645,971
Employees retirement benefits	10	80,310,848	70,670,998
Deferred taxation	11	53,908,073	51,142,039
		1,927,594,620	616,459,008
CURRENT LIABILITIES			
Trade and other payables	12	385,046,070	271,335,058
Unclaimed dividend		4,908,619	4,606,115
Accrued interest/markup/profit	13	51,481,017	17,411,243
Short term borrowings	14	2,227,456,568	922,677,657
Current portion of non-current liabilities	15	108,093,042	72,263,479
		2,776,985,316	1,288,293,552
TOTAL LIABILITIES		4,704,579,936	1,904,752,560
CONTINGENCIES AND COMMITMENTS	16		
TOTAL EQUITY AND LIABILITIES		6,253,850,317	3,353,776,648

The annexed notes from 1 to 51 form an integral part of these financial statements.



Shahzada Ellahi Shaikh
Chairman

Lahore: September 27, 2018

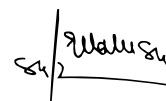
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	17	2,644,543,927	1,172,920,884
Long term deposits	18	7,090,700	7,090,700
		2,651,634,627	1,180,011,584
CURRENT ASSETS			
Stores, spares and loose tools	19	66,084,857	38,689,803
Stock in trade	20	1,821,067,965	850,294,545
Trade debts	21	738,488,296	390,184,845
Advances, prepayments and other receivables	22	406,638,325	260,170,428
Short term investments	23	451,033,523	546,042,499
Advance income tax	24	101,949,715	72,443,909
Bank balances	25	16,953,009	15,939,035
		3,602,215,690	2,173,765,064
TOTAL ASSETS		<u>6,253,850,317</u>	<u>3,353,776,648</u>

The annexed notes from 1 to 51 form an integral part of these financial statements.



Muhammad Ahmad
Chief Financial Officer



Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	26	5,563,118,648	4,868,596,391
Cost of sales	27	(5,156,473,550)	(4,551,646,739)
Gross profit		406,645,098	316,949,652
Distribution cost	28	(45,269,145)	(32,358,768)
Administrative expenses	29	(130,009,156)	(111,527,721)
Other expenses	30	(34,027,292)	(15,653,977)
		(209,305,593)	(159,540,466)
Other income	31	197,339,505	157,409,186
		49,832,452	21,444,276
Operating profit		247,171,957	178,853,462
Finance cost	32	(115,163,617)	(57,840,774)
Profit before taxation		132,008,340	121,012,688
Provision for taxation	33	(1,493,744)	(43,341,764)
Profit after taxation		130,514,596	77,670,924
Earnings per share - basic and diluted	34	11.92	7.09

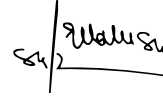
The annexed notes from 1 to 51 form an integral part of these financial statements.



Shahzada Ellahi Shaikh
Chairman



Muhammad Ahmad
Chief Financial Officer



Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: September 27, 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of available for sale financial assets	23	(9,911,504)	(12,890,069)
Impairment loss on available for sale financial assets recognised in profit or loss		20,174,799	-
Taxation relating to changes in fair value of available for sale financial assets	11.1	(1,539,494)	1,933,510
		8,723,801	(10,956,559)
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligation	10.1	(824,586)	2,655,119
Taxation relating to remeasurements of defined benefit obligation	11.1	157,482	(502,095)
		(667,104)	2,153,024
Other comprehensive Income / (loss)		8,056,697	(8,803,535)
Profit after taxation		130,514,596	77,670,924
Total comprehensive income		138,571,293	68,867,389

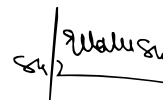
The annexed notes from 1 to 51 form an integral part of these financial statements.



Shahzada Ellahi Shaikh
Chairman



Muhammad Ahmad
Chief Financial Officer



Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: September 27, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operations	35	(963,555,248)	82,300,645
Payments for:			
Employees retirement benefits		(17,820,167)	(18,498,021)
Finance cost		(81,093,843)	(51,631,083)
Income tax		(29,615,528)	(31,004,063)
Net cash used in operating activities		(1,092,084,786)	(18,832,522)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,619,596,666)	(99,164,178)
Proceeds from disposal of property, plant and equipment		5,778,832	6,908,001
Purchase of short term investments		(145,822,478)	(654,698,728)
Proceeds from disposal of short term investments		229,557,005	218,545,684
Dividend received		30,120,973	17,808,798
Net cash used in investing activities		(1,499,962,334)	(510,600,423)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances obtained		1,406,822,772	52,148,841
Repayment of long term finances		(72,263,481)	(113,124,166)
Repayment of liabilities against assets subject to finance lease		-	(1,108,785)
Net increase in short term borrowings		1,296,492,059	469,217,314
Dividend paid		(38,022,496)	(37,956,785)
Net cash generated from financing activities		2,593,028,854	369,176,419
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		981,734	(160,256,526)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		32,240	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		15,939,035	176,195,561
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	36	16,953,009	15,939,035

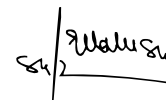
The annexed notes from 1 to 51 form an integral part of these financial statements.



Shahzada Ellahi Shaikh
Chairman



Muhammad Ahmad
Chief Financial Officer



Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: September 27, 2018


**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018**

	Share capital	Capital reserves			Revenue reserves	Total equity Rupees
	Issued subscribed and paid-up capital Rupees	Changes in fair value of available for sale financial assets Rupees	Reserve on merger Rupees	Total Rupees	Accumulated profit Rupees	
Balance as at July 01, 2016	109,500,000	452,161	7,760,000	8,212,161	1,300,769,538	1,418,481,699
Comprehensive income						
Profit after taxation	-	-	-	-	77,670,924	77,670,924
Other comprehensive (loss)/income	-	(10,956,559)	-	(10,956,559)	2,153,024	(8,803,535)
Total comprehensive (loss)/income	-	(10,956,559)	-	(10,956,559)	79,823,948	68,867,389
Transaction with owners						
Final dividend @ 35% i.e. Rs. 3.5 per ordinary share	-	-	-	-	(38,325,000)	(38,325,000)
Balance as at June 30, 2017	109,500,000	(10,504,398)	7,760,000	(2,744,398)	1,342,268,486	1,449,024,088
Balance as at July 01, 2017	109,500,000	(10,504,398)	7,760,000	(2,744,398)	1,342,268,486	1,449,024,088
Comprehensive income						
Profit after taxation	-	-	-	-	130,514,596	130,514,596
Other comprehensive profit	-	8,723,801	-	8,723,801	(667,104)	8,056,697
Total comprehensive income	-	8,723,801	-	8,723,801	129,847,492	138,571,293
Transaction with owners						
Final dividend @ 35% i.e. Rs. 3.5 per ordinary share	-	-	-	-	(38,325,000)	(38,325,000)
Balance as at June 30, 2018	109,500,000	(1,780,597)	7,760,000	5,979,403	1,433,790,978	1,549,270,381

The annexed notes from 1 to 51 form an integral part of these financial statements.

Lahore: September 27, 2018


Shahzada Ellahi Shaikh
Chairman


Muhammad Ahmad
Chief Financial Officer


Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1 LEGAL STATUS AND OPERATIONS

Ellicot Spinning Mills Limited [the Company] was incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg III, Lahore. The manufacturing facility is located at 6.3 K.M, Manga Mandi, Raiwind Road Mouza Rossa, Tehsil and District Kasur in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards [IFRS] issued by the International Accounting Standards Board [IASB] as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards [IFAS] issued by Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employees retirement benefits liabilities measured at present value and certain financial instruments measured at fair value/amortized cost. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. There are no estimation uncertainties as at the reporting date. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 Depreciation method, rates and useful lives of operating fixed assets (see note 5.1.1)

The Company reassesses useful lives, depreciation method and rates for each item of operating fixed assets annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.3.2 Amortization method, rates and useful lives of intangible assets (see note 5.2)

The Company reassesses useful lives, amortization method and rates for each intangible asset annually by considering expected pattern of economic benefits that the Company expects to derive from that asset.

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

2.3.3 Recoverable amount and impairment (see note 5.24)

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

2.3.4 Obligation under defined benefit plan (see note 5.6.2)

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent actuaries.

2.3.5 **Taxation (see note 5.19)**

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.3.6 **Provisions (see note 5.14)**

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.3.7 **Net realizable values of stock in trade (see note 5.5)**

The Company estimates net realizable values of its stock in trade as the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

2.4 **Functional currency**

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

2.5 **Date of authorization for issue**

These financial statements were authorized for issue on September 27, 2018 by the Board of Directors of the Company.

3 **NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.**

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)

IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets have been amended to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)

IAS 7 - Statement of Cash Flows have been amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 12 - Disclosure of Interests in Other Entities)

IFRS 12 - Disclosure of Interests in Other Entities have been amended to clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

Companies Act, 2017

The Companies Act 2017 ['the Act'] was enacted on May 30, 2017. The Act has brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional/amended disclosures including, but not limited to, particulars of immovable assets of the Company (see note 17.1.1), management assessment of sufficiency of tax provision in the financial statements (see note 33.1), change in threshold for identification of executives (see note 43), additional disclosure requirements for related parties (see note 37), disclosure of export sales for each jurisdiction in respect of outstanding trade debts (see note 21.2), disclosure of significant events and transactions affecting the financial position and performance of the Company (see note 6), disclosure relating to number of employees (see note 48) etc.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments (2014)	July 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	July 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
IFRS 17 – Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-based Payment)	January 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4 - Insurance Contracts)	July 01, 2018
Transfers of Investment Property (Amendments to IAS 40 - Investment Property)	January 01, 2018
Annual Improvements to IFRS 2014–2016 Cycle	January 01, 2018
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

Other than afore mentioned standards, interpretations and amendments, IABS has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ["SECP"]:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 14 - Regulatory Defferal Accounts

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

IFRS 9 – Financial Instruments: Classification and Measurement (2014)

IFRS 9 replaces IAS 39 - Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their cash flow characteristics. The standard introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to measurement of entity's own credit risk.
- **Impairment:** IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit loss to have occurred before a credit loss is recognized.

- **Hedge accounting:** IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposure.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Adoption of this IFRS 9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

Operating fixed assets are accounted for under the cost model and are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 17.1 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

5.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

5.2 Intangible assets

An intangible asset is recognized when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

In assessing the probability of expected future economic benefits the Company uses reasonable and supportable assumptions that represents management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

An intangible asset is measured initially at cost. The cost of intangible asset acquired comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition. Costs incurred after the asset is in the condition necessary for it to operate in the manner intended by the management are recognized in profit or loss. Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over the estimated period over which the Company expects to obtain economic benefits, on a straight line basis. All intangible assets are tested for impairment at each reporting date.

5.3 Software

The cost of acquisition, development and installation of identifiable software products having finite useful lives of more than one year is recognized as an intangible asset at cost. Subsequent to initial recognition, it is measured at cost less accumulated amortization and accumulated impairment losses, if any.

5.4 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of weighted average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held exclusively for capitalization are classified as property, plant and equipment.

5.5 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw material	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

5.6 Employee benefits

5.6.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

5.6.2 Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to statement of profit or loss with the exception of rereasurements which are recognized in other comprehensive income. The amount recognized on statement of financial position represents the present value of defined benefit obligation. The details of the scheme are referred to in note 10 to the financial statements.

5.7 Financial instruments

5.7.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

5.7.2 Classification

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities on initial recognition.

(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

(b) Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as such on initial recognition or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Assets in this category are presented as non-current assets unless the management intends to dispose of the asset within twelve months from the reporting date.

(c) Financial liabilities at amortized cost

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

5.7.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

5.7.4 De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

5.7.5 Off-setting

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

5.7.6 'Regular way' purchases and sales of financial assets

'Regular way' purchases and sales of financial assets are those contracts which require delivery of assets within the time frame generally established by the regulation or convention in the market. 'Regular way' purchases and sales of financial assets are recognized and derecognized on trade dates.

5.8 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

5.9 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

5.10 Investments in mutual funds

Investments in mutual funds units are designated as 'available for sale financial assets' on initial recognition. On initial recognition, these are measured at cost, being their fair value on the date of acquisition. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized in other comprehensive income. Gains and losses on de-recognition are recognized in profit or loss.

5.11 Investments in listed equity securities

Investments in listed equity securities are designated as 'available for sale financial assets' on initial recognition. On initial recognition, these are measured at cost, being their fair value on the date of acquisition. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized in other comprehensive income. Gains and losses on de-recognition are recognized in profit or loss.

5.12 Operating leases

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight line basis over the lease term.

5.13 Trade and other payables

5.13.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.13.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

5.14 Provisions and contingencie

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.15 Trade and other receivables

5.15.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.15.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

5.16 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

- Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.
- Capital gains and losses on sale of investments are recognized at the time of recognition of sale of investments
- Return on bank deposits is recognized using effective interest method.
- Dividend income is recognized when the right to receive payment is established.

5.17 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income ['OCI']. OCI comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of comprehensive income'.

5.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

5.19 Income tax

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

5.19.1 Current taxation

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

5.19.2 Deferred taxation

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

5.20 Government grants

Government grants that compensate the Company for expenses or losses already incurred are recognized in profit or loss in the period in which these are received and are deducted in reporting the relevant expenses or losses.

5.21 Earnings per share ['EPS']

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.22 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks.

5.23 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

5.24 Impairment

5.24.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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. 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 the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

5.24.2 Non-financial assets

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

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

5.25 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

6 SIGNIFICANT EVENTS AND TRANSACTIONS

The following significant events and transactions have affected the Company's financial position and performance during the year.

- The Company added 25,200 new spindles (21 Ring Frames) to replace old machinery. These frames are fully automated through linked coner machines. This upgraded technology is expected to help the Company achieve better production quality whilst saving upto 60% in labour costs and upto 20% increase in production volume along with the ability to produce value added products such as compact yarn, slub yarn, stretch yarn, dual core and fine counts.
- The above replacement was financed through new long term finances contracted during the year amounting to Rs. 1,406.822 million resulting in increase in interest/markup cost on borrowings.
- The replaced machinery remained idle during the year and will be disposed off in the ensuing year.

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
Ordinary shares of Rs. 10 each		
8,760,000 (2017: 8,760,000) shares issued for cash	87,600,000	87,600,000
2,190,000 (2017: 2,190,000) shares issued as fully paid bonus shares	21,900,000	21,900,000
	109,500,000	109,500,000
8 CAPITAL RESERVES		
Changes in fair value of available for sale financial assets	(1,780,597)	(10,504,398)
Reserve on merger 8.1	7,760,000	7,760,000
	5,979,403	(2,744,398)

8.1 On September 30, 2001, the net assets of Power Unit II of Ellahi Electric Company Limited were merged into the Company. The reserve represents the difference between the book value of shares held by the Company in Ellahi Electric Company Limited as on the date of merger and the value of net assets transferred to the Company.

	Note	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
9 LONG TERM FINANCES - SECURED			
These represent long term finances utilized under interest/markup arrangements from banking companies			
Term Finances ('TF')			
TF - I	9.1	80,000,000	120,000,000
TF - II	9.2	42,244,987	56,326,650
TF - III	9.3	72,727,272	90,909,090
TF - IV	9.4	199,953,389	199,953,389
TF - V	9.5	47,571,480	47,571,480
TF - VI	9.6	52,148,841	52,148,841
TF - VII	9.7	653,851,382	-
TF - VIII	9.8	609,032,004	-
TF - IX	9.9	143,939,386	-
		1,901,468,741	566,909,450
Current maturity presented under current liabilities	15	(108,093,042)	(72,263,479)
		1,793,375,699	494,645,971

- 9.1 The finance has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/markup at six months KIBOR plus 0.75% per annum (2017: six months KIBOR plus 0.75% per annum) payable quarterly. The finance is repayable in ten equal semi-annual installments with the first installment due in August 2015.
- 9.2 The finance has been obtained from United Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/markup at six months KIBOR plus 1% per annum (2017: six months KIBOR plus 1% per annum) payable semi annually. The finance is repayable in eleven equal semi-annual installments with the first installment due in January 2016.
- 9.3 The finance has been obtained from United Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/markup at three months KIBOR plus 1% per annum (2017: three months KIBOR plus 1% per annum) payable quarterly. The finance is repayable in twenty two equal quarterly installments with the first installment due in March 2017.
- 9.4 The finance has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/markup at SBP base rate plus 0.5% per annum (2017: SBP base rate plus 0.5% per annum) payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in August 2018.
- 9.5 The finance has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/markup at SBP base rate plus 0.75% per annum (2017: SBP base rate plus 0.75% per annum) payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in August 2018.
- 9.6 The finance has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/markup at SBP base rate plus 0.75% per annum (2017: SBP base rate plus 0.75% per annum) payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in November 2018.
- 9.7 The finance has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/markup at three months KIBOR plus 0.75% per annum payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in June 2020.
- 9.8 The finance has been obtained from Habib Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/markup at three months KIBOR plus 0.50% per annum payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in December 2019.
- 9.9 The finance has been obtained from Habib Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/markup at three months KIBOR plus 0.50% per annum payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in December 2019.
- 9.10 For mortgages and charges on assets as security for liabilities, refer to note 42 to the financial statements.

10 EMPLOYEES RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme, a defined benefit plan, for all its employees who have completed the minimum qualifying service period. Under the scheme, the Company pays a lump-sum benefit equal to last drawn monthly gross salary for each year of service to scheme members whereas the members of the scheme are not required to make any contributions to the scheme. The scheme is administered by the management of the Company under the supervision and directions of the Board of Directors of the Company. The amount recognized on statement of financial position represents present value of defined benefit obligation.

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
10.1 Movement in present value of defined benefit obligation			
As at beginning of the year		70,670,998	66,908,522
Charged to profit or loss for the year	10.2	26,635,431	24,915,616
Benefits paid during the year		(17,820,167)	(18,498,021)
Remeasurements recognized in other comprehensive income	10.4	824,586	(2,655,119)
As at end of the year		80,310,848	70,670,998

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
10.2 Charge to profit or loss			
Current service cost		21,848,960	20,735,301
Interest cost		4,786,471	4,180,315
		<u>26,635,431</u>	<u>24,915,616</u>
10.3 The charge to profit or loss has been allocated as follows			
Cost of sales	27.2	14,083,294	14,140,124
Administrative and general expenses	29.1	12,552,137	10,775,492
		<u>26,635,431</u>	<u>24,915,616</u>
10.4 Remeasurements recognized in other comprehensive income			
Actuarial loss/(gain) arising from:			
Changes in financial assumptions		381,328	137,481
Experience adjustments		443,258	(2,792,600)
		<u>824,586</u>	<u>(2,655,119)</u>

10.5 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	2018	2017
Discount rate	9.00%	7.75%
Expected rate of increase in salary	7.00%	5.75%
Expected average remaining working lives	7 years	7 years

10.6 Average duration of the defined benefit obligation

The average duration of the defined benefit obligation is six years.

10.7 Expected charge to profit or loss for the next financial year

The expected charge to profit or loss for the year ending June 30, 2019 amounts to Rs. 32.61 million.

10.8 Sensitivity analysis

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	2018		2017	
	Change in actuarial assumption	Defined benefit obligation	Change in actuarial assumption	Defined benefit obligation
		<i>Rupees</i>		<i>Rupees</i>
Discount rate	+ 1%	75,539,264	+ 1%	66,338,894
	- 1%	85,731,931	- 1%	75,599,580
Expected rate of increase in salary	+ 1%	86,002,029	+ 1%	75,843,207
	- 1%	75,211,075	- 1%	66,042,010

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

10.9 Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of employees. An increase in salary of employees will increase the defined benefit obligation.

	Note	2018 Rupees	2017 Rupees
11 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences	11.1	216,671,412	119,424,123
Deferred tax asset on deductible temporary differences	11.1	(162,763,339)	(68,282,084)
		<u>53,908,073</u>	<u>51,142,039</u>

11.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2018			
	As at July 01, 2017 Rupees	Recognized in profit or loss Rupees	Recognized in OCI Rupees	As at June 30, 2018 Rupees
Deferred tax liabilities				
Operating fixed assets - owned	119,256,073	97,330,874	-	216,586,947
Operating fixed assets - leased	-	-	-	-
Intangible assets	168,050	(83,585)	-	84,465
Short term investments	-	-	-	-
	<u>119,424,123</u>	<u>97,247,289</u>	<u>-</u>	<u>216,671,412</u>
Deferred tax assets				
Employees retirement benefits	(13,364,202)	(1,816,352)	(157,482)	(15,338,036)
Short term investments	(1,933,510)	(1,092,710)	1,539,494	(1,486,726)
Unused losses and credits	(52,984,372)	(92,954,205)	-	(145,938,577)
	<u>(68,282,084)</u>	<u>(95,863,267)</u>	<u>1,382,012</u>	<u>(162,763,339)</u>
	<u>51,142,039</u>	<u>1,384,022</u>	<u>1,382,012</u>	<u>53,908,073</u>

	2017			
	As at July 01, 2016 Rupees	Recognized in profit or loss Rupees	Recognized in OCI Rupees	As at June 30, 2017 Rupees
Deferred tax liabilities				
Operating fixed assets - owned	101,126,589	18,129,484	-	119,256,073
Operating fixed assets - leased	810,031	(810,031)	-	-
Intangible assets	179,260	(11,210)	-	168,050
Short term investments	79,793	(79,793)	-	-
	102,195,673	17,228,450	-	119,424,123
Deferred tax assets				
Employees retirement benefits	(10,551,971)	(3,314,326)	502,095	(13,364,202)
Short term investments	-	-	(1,933,510)	(1,933,510)
Unused losses and credits	(39,612,166)	(13,372,206)	-	(52,984,372)
	(50,164,137)	(16,686,532)	(1,431,415)	(68,282,084)
	52,031,536	541,918	(1,431,415)	51,142,039

- 11.2 Deferred tax arising from timing differences pertaining to income from business is provided for only that portion of timing differences that represent income taxable under normal provisions of the Income Tax Ordinance, 2001 [“the Ordinance”] as revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 29% (2017: 30%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

Deferred tax arising from timing differences pertaining to income from investment in securities taxable as a separate block under the provisions of the Ordinance, has been calculated at 15% (2017: 15%) of the timing differences based on tax rates notified by the Government of Pakistan for future tax years for such income.

	Note	2018 Rupees	2017 Rupees
12 TRADE AND OTHER PAYABLES			
Trade creditors - <i>Unsecured</i>		46,165,450	31,471,589
Accrued liabilities		241,195,445	127,263,866
Advances from customers - <i>Unsecured</i>		2,640,271	9,083,011
Infrastructure tax	12.1	83,173,146	65,597,039
Workers' Profit Participation Fund	12.2	8,046,840	6,559,531
Workers' Welfare Fund	12.3	-	20,866,081
Other payables - <i>Unsecured</i>		3,824,918	10,493,941
		385,046,070	271,335,058

- 12.1 This represents tax levied by the Sindh Government on movement of imported goods entering the Sindh Province from outside Pakistan.

	Note	2018 Rupees	2017 Rupees
12.2 Workers' Profit Participation Fund			
As at beginning of the year		6,559,531	3,296,582
Interest on funds utilized by the Company	12.2.1	706,826	450,525
Charged to profit or loss for the year	30	8,046,840	6,508,771
Paid during the year		(7,266,357)	(3,696,347)
As at end of the year		8,046,840	6,559,531

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
12.2.1	Interest has been charged at 26.25% (2017: 26.25%) per annum.		
12.3	Workers' Welfare Fund		
	As at beginning of the year	20,866,081	18,662,637
	Charged to profit or loss for the year	30	-
	Paid/adjusted during the year	(4,161,571)	-
	Derecognised during the year	12.3.1	-
	As at end of the year	<u>-</u>	<u>20,866,081</u>

12.3.1 This represents provisions for Workers' Welfare Fund ["WWF"] recognised in previous years now derecognised in light of decision of the Honourable Supreme Court of Pakistan vide judgement against the matters stated in Civil Appeal no 1049 to 1055 of 2011.

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
13	ACCRUED INTEREST/MARKUP/PROFIT		
	Long term finances	25,270,996	8,036,166
	Short term borrowings	26,210,021	9,375,077
		<u>51,481,017</u>	<u>17,411,243</u>

14 SHORT TERM BORROWINGS

Secured

These represent short term finances utilized under interest/markup/profit arrangements from banking companies.

Running finances	14.1	828,815,419	431,710,985
Running musharakah	14.2	785,933,689	169,348,286
Term loans	14.3	550,000,000	276,581,588
		2,164,749,108	877,640,859

Unsecured

Book overdraft	14.4	62,707,460	45,036,798
		<u>2,227,456,568</u>	<u>922,677,657</u>

14.1 These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over all present and future current assets of the Company and lien over export documents. These carry interest/markup at rates ranging from one to three months KIBOR plus 0.20% to 0.75% per annum (2017: one to three months KIBOR plus 0.20% to 0.75% per annum) payable quarterly.

14.2 These facilities have been obtained from Islamic banking companies for working capital requirements and are secured by charge over all present and future current assets of the Company and lien over export documents. These carry profit at three months KIBOR plus 0.20% to 0.35% per annum (2017: three months KIBOR plus 0.20% per annum) payable quarterly.

14.3 These facilities have been obtained from various commercial banks for import of goods and are secured by charge over all present and future current assets of the Company, lien over documents of title of imported goods and trust receipts. These carry interest/markup at rates ranging from three months KIBOR plus 0.5% to 0.75% per annum payable quarterly (2017: 1% to 2.25% per annum based on floating LIBOR).

14.4 These represent cheques issued by the Company in excess of balances at bank which have been presented for payments after the reporting period.

14.5 The aggregate available short term funded facilities amounts to Rs. 3,112 million (2017: Rs. 2,212 million) out of which Rs. 947 million (2017: Rs. 1,289 million) remained unavailed as at the reporting date.

14.6 For mortgages and charges on assets as security for liabilities, refer to note 42 to the financial statements.

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
15			
CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finances	9	108,093,042	72,263,479
		<u>108,093,042</u>	<u>72,263,479</u>

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Guarantees issued by banks on behalf of the Company **181,203,053** 166,203,053

16.1.2 Contingencies related to tax matters are referred to in note 33 to the financial statements.

		2018	2017
		<i>Rupees</i>	<i>Rupees</i>
16.2			
Commitments			
16.2.1	Commitments under irrevocable letters of credit for:		
	- purchase of property plant and equipment	3,541,400	1,165,518,505
	- purchase of stores, spare and loose tools	-	18,434,649
	- purchase of raw material	75,397,958	51,075,067
		<u>78,939,358</u>	<u>1,235,028,221</u>

16.2.2 Commitments under operating leases:

The Company has rented office premises from an associated company under operating lease arrangements. Lease agreement covers a period of one year and is renewable/extendable on mutual consent. Lease rentals are payable quarterly in advance. Commitments for payments in future periods under the lease agreement are as follows:

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
- payments not later than one year		435,600	396,000
- payments later than one year		-	-
		<u>435,600</u>	<u>396,000</u>

17 FIXED ASSETS

Property, plant and equipment

Operating fixed assets	17.1	2,640,791,138	1,162,585,962
Capital work in progress	17.2	136,131	5,478,267
		2,640,927,269	1,168,064,229
Intangible assets	17.3	3,616,658	4,856,655
		<u>2,644,543,927</u>	<u>1,172,920,884</u>

17.1 Operating fixed assets

	2018										Net book value as at June 30, 2018 Rupees
	COST					DEPRECIATION					
	As at July 01, 2017 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2018 Rupees	Rate %	July 01, 2017 Rupees	For the year Rupees	Adjustment Rupees	As at June 30, 2018 Rupees	
<i>Assets owned by the Company</i>											
Freehold land	6,093,568	-	-	-	6,093,568	-	-	-	-	-	6,093,568
Buildings on freehold land											
Mills	188,289,493	-	-	144,209,113	332,498,606	10	139,371,364	6,089,321	-	-	145,460,685
Other factory buildings	68,841,136	-	-	-	68,841,136	5	33,923,123	1,745,901	-	-	35,669,024
	257,130,629	-	-	144,209,113	401,339,742		173,294,487	7,835,222	-	-	181,129,709
Plant and machinery	2,089,231,547	-	(25,339,196)	1,445,204,381	3,509,096,732	10	1,089,285,224	120,221,021	(19,707,790)	1,189,798,455	2,319,298,277
Electric installations and equipment	82,025,017	-	-	29,134,028	111,159,045	10	57,345,149	2,738,391	-	-	60,083,540
Factory equipment	19,595,787	116,000	-	-	19,711,787	10	14,560,956	504,449	-	-	15,065,405
Office equipment	25,945,197	708,648	-	-	26,653,845	10	11,938,865	1,441,563	-	-	13,380,428
Furniture and fixtures	7,554,873	614,632	-	-	8,169,505	10	5,347,129	250,015	-	-	5,597,144
Arms and ammunition	631,513	-	-	-	631,513	10	512,018	11,950	-	-	523,968
Vehicles	58,601,540	4,952,000	(4,191,683)	-	59,361,857	20	31,939,881	5,274,475	(1,366,549)	35,847,807	23,514,050
	2,546,809,671	6,391,280	(29,530,879)	1,618,547,522	4,142,217,594		1,384,223,709	138,277,086	(21,074,339)	1,501,426,456	2,640,791,138
<i>Assets subject to finance lease</i>											
Plant and machinery	-	-	-	-	-	10	-	-	-	-	-
	2,546,809,671	6,391,280	(29,530,879)	1,618,547,522	4,142,217,594		1,384,223,709	138,277,086	(21,074,339)	1,501,426,456	2,640,791,138

	2017					DEPRECIATION					Net book value as at June 30, 2017 Rupees
	COST			As at		For the year			As at		
	As at July 01, 2016 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	June 30, 2017 Rupees	Rate %	July 01, 2016 Rupees	For the year Rupees	Adjustment Rupees	June 30, 2017 Rupees	
Assets owned by the Company											
Freehold land	6,093,568	-	-	-	6,093,568	-	-	-	-	-	6,093,568
Buildings on freehold land											
Mills	184,810,390	-	-	3,479,103	188,289,493	10	134,203,084	5,168,280	-	139,371,364	48,918,129
Other factory buildings	68,841,136	-	-	-	68,841,136	5	32,080,876	1,842,247	-	33,923,123	34,918,013
	253,651,526	-	-	3,479,103	257,130,629		166,283,960	7,010,527	-	173,294,487	83,836,142
Plant and machinery	2,030,006,391	-	(32,945,732)	92,170,888	2,089,231,547	10	1,000,765,583	107,495,343	(18,975,702)	1,089,285,224	999,946,323
Electric installation and equipment	82,025,017	-	-	-	82,025,017	10	54,602,942	2,742,207	-	57,345,149	24,679,868
Factory equipment	19,595,787	-	-	-	19,595,787	10	14,001,531	559,425	-	14,560,956	5,034,831
Office equipment	24,202,839	1,828,358	(86,000)	-	25,945,197	10	10,525,600	1,433,647	(20,382)	11,938,865	14,006,332
Furniture and fixtures	7,342,103	212,770	-	-	7,554,873	10	5,114,075	233,054	-	5,347,129	2,207,744
Arms and ammunition	631,513	-	-	-	631,513	10	498,740	13,278	-	512,018	119,495
Vehicles	56,026,461	6,294,499	(5,719,420)	-	56,601,540	20	28,570,060	6,329,762	(2,969,941)	31,939,881	26,661,659
	2,481,575,205	8,335,627	(38,751,152)	95,649,991	2,546,809,671		1,280,362,491	125,817,243	(21,956,025)	1,384,223,709	1,162,585,962
Assets subject to finance lease											
Plant and machinery	10,299,707	-	-	(10,299,707)	-	10	4,032,199	145,060	(4,177,259)	-	-
	2,491,874,912	8,335,627	(38,751,152)	85,350,284	2,546,809,671		1,284,394,690	125,962,303	(26,133,284)	1,384,223,709	1,162,585,962

17.1.1 Free hold land of the Company is located at District Kasur with a total area of 288 Kanal 14 Marla (2017: 288 Kanal 14 Marla).

17.1.2 Transfers represent transfers from capital work in progress on related assets becoming available for use and those from assets subject to finance lease on transfer of title to the Company at the end of lease term.

17.1.3 Disposal of operating fixed assets

Particulars	2018					Particulars of buyer
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain/(loss) on disposal Rupees	
Plant and machinery						
Cross Roll Cards	1,203,749	986,268	217,481	150,000	(67,481)	Negotiation Z. A. Corporation (Private) Limited 22 KM, Sheikupura Road, Khurrianwala, Jaranwala, Faisalabad
Comber Set	2,480,928	1,987,154	493,774	759,196	265,422	Negotiation Azam Javaid Traders P-230, Street No 2, Faisal Town, 203 RB, Manawala, Faisalabad
Comber Set	4,055,319	3,347,695	707,624	637,380	(70,244)	Negotiation Azam Javaid Traders P-230, Street No 2, Faisal Town, 203 RB, Manawala, Faisalabad
Unilap	3,519,840	2,677,335	842,505	251,597	(590,908)	Negotiation Khalid Traders Scheme No 212, House No 112, Sir Syed Town, Part 1, Faisalabad
Comber Set	14,079,360	10,709,338	3,370,022	838,659	(2,531,363)	Negotiation Khalid Traders Scheme No 212, House No 112, Sir Syed Town, Part 1, Faisalabad
	25,339,196	19,707,790	5,631,406	2,636,832	(2,994,574)	
Vehicles						
Suzuki Cultus	1,012,366	673,723	338,643	450,000	111,357	Negotiation Mr. Muhammad Haroon House No 11, Chistian Street, Muhalla Islampura, Lahore
Suzuki Cultus	1,007,317	682,826	314,491	470,000	155,509	Negotiation Mr. Saiman Ahmed House No 2 - A/2, 3 - North Street, Phase 1, DHA, Karachi.
Toyota Corolla Allis	2,172,000	-	2,172,000	2,222,000	50,000	Negotiation Toyota Jinnah Motors Bhains Colony, Karachi
	4,191,683	1,366,549	2,825,134	3,142,000	316,866	
	29,530,879	21,074,339	8,456,540	5,778,832	(2,677,708)	
2017						
Particulars	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain/(loss) on disposal Rupees	Particulars of buyer
Plant and machinery						
Savio Auto Coner	13,387,481	8,791,591	4,595,890	2,300,000	(2,295,890)	Negotiation Sana Industries Limited
Savio Auto Coner	11,984,570	8,568,433	3,416,137	830,001	(2,586,136)	Negotiation Sana Industries Limited
Fly Frame	7,573,681	5,792,937	1,780,744	754,000	(1,026,744)	Negotiation Abdullah Textile Trader
	32,945,732	23,152,961	9,792,771	3,884,001	(5,908,770)	
Office Equipment						
Laptop	86,000	20,382	65,618	23,000	(42,618)	Negotiation Mr. Waqar Hussain
Vehicles						
Motorcycle	68,500	39,261	29,239	23,000	(6,239)	Negotiation Mr. Jamil Hassan
Honda City	1,672,000	914,621	757,379	886,000	128,621	Negotiation Mr. Mehar Asif Yaar
Honda City	1,512,000	639,408	872,592	935,000	62,408	Negotiation Mr. Mehar Asif Yaar
Suzuki Swift	1,233,460	702,973	530,487	575,000	44,513	Negotiation Mr. Irfan
Suzuki Swift	1,233,460	663,678	569,782	582,000	12,218	Negotiation Mr. Amir Javeed
	5,719,420	2,959,941	2,759,479	3,001,000	241,521	
	38,751,152	26,133,284	12,617,868	6,908,001	(5,709,867)	

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
17.1.4 The depreciation charge for the year has been allocated as follows:			
Cost of sales	27	131,299,083	117,952,562
Administrative and general expenses	29	6,978,003	8,009,741
		138,277,086	125,962,303

17.2 Capital work in progress

	2018			
	As at July 01, 2017	Additions	Transfers	As at June 30, 2018
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Building	-	144,209,113	(144,209,113)	-
Plant and machinery	5,478,267	1,439,726,114	(1,445,204,381)	-
Electric installations and equipment	-	29,270,159	(29,134,028)	136,131
	5,478,267	1,613,205,386	(1,618,547,522)	136,131
	2017			
	As at July 01, 2016	Additions	Transfers	As at June 30, 2017
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Building	-	3,479,103	(3,479,103)	-
Plant and machinery	-	87,349,448	(81,871,181)	5,478,267
Electric installations and equipment	-	-	-	-
	-	90,828,551	(85,350,284)	5,478,267

17.3 INTANGIBLE ASSETS

		2018						Net book value as at June 30, 2018 Rupees	
		Cost		Accumulated Amortization					
As at July 01, 2017 Rupees	Additions Rupees	Transfers Rupees	As at June 30, 2018 Rupees	As at July 01, 2017 Rupees	For the period Rupees	As at June 30, 2018 Rupees			
Software	6,199,985	-	6,199,985	1,343,330	1,239,997	2,583,327	3,616,658		
	6,199,985	-	6,199,985	1,343,330	1,239,997	2,583,327	3,616,658		
2017									
As at July 01, 2016 Rupees	Additions Rupees	Transfers Rupees	As at June 30, 2017 Rupees	As at July 01, 2016 Rupees	For the period Rupees	As at June 30, 2017 Rupees	Net book value as at June 30, 2017 Rupees		
Software	-	-	6,199,985	103,333	1,239,997	1,343,330	4,856,655		
	-	-	6,199,985	103,333	1,239,997	1,343,330	4,856,655		

17.3.1 Software represents cost of Oracle Financials Suite acquired by the Company. This is being amortized @ 20% per annum using straight line method.

18 LONG TERM DEPOSITS

These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
19 STORES, SPARES AND LOOSE TOOLS			
Stores		42,360,840	30,700,341
Spares		23,536,158	7,872,845
Loose tools		187,859	116,617
		66,084,857	38,689,803

19.1 There are no spare parts held exclusively for capitalization as at the reporting date.

20 STOCK IN TRADE

Raw material		1,700,658,723	751,263,154
Work in process		58,649,452	46,147,798
Finished goods	20.1	61,759,790	52,883,593
		1,821,067,965	850,294,545

20.1 Stock of finished goods include stock of waste valued at Rs. 5,286,303 (2017: Rs. 13,888,903). The entire stock of waste is valued at net realizable value.

20.2 Entire stock in trade, with exception of stock of waste, is carried at cost being lower than net realizable value.

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
21 TRADE DEBTS			
Local - <i>unsecured, considered good</i>		325,597,674	375,448,860
Foreign - <i>secured</i>	21.1	412,890,622	14,735,985
		738,488,296	390,184,845

21.1 These are secured through letters of credit.

21.2 Amount of export sales made in each foreign jurisdiction in respect of trade debts outstanding as at the reporting date is as follows:

	Trade debts		Export sales	
	2018	2017	2018	2017
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Asia	386,549,002	4,820,228	558,467,673	34,311,960
Middle East	26,341,620	-	68,307,148	-
Europe	-	9,915,757	9,536,881	48,842,435
	412,890,622	14,735,985	636,311,702	83,154,395

	Note	2018 Rupees	2017 Rupees
22 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to suppliers -unsecured, considered good		147,070,278	63,777,331
Advances to employees -unsecured, considered good			
- against purchases and expenses	22.1	44,015	306,704
- against salaries and benefits		555,404	578,675
Prepayments		1,541,200	1,593,731
Export rebate receivable		13,243,895	1,949,596
Letters of credit		2,209,262	4,661,477
Sales tax refundable		221,387,506	182,119,692
Other receivables -unsecured, considered good		20,586,765	5,183,222
		<u>406,638,325</u>	<u>260,170,428</u>

22.1 No advances have been given to any of the directors of the Company.

23 SHORT TERM INVESTMENTS

Investments in mutual fund units

23.1

Cost of investment	15,716,230	31,740,304
Changes in fair value	(2,531,405)	(4,096,219)
	<u>13,184,825</u>	<u>27,644,085</u>

Investments in listed equity securities

23.2

Cost of investment	457,586,912	526,660,310
Changes in fair value	436,585	(8,261,896)
Accumulated impairment	(20,174,799)	-
	<u>437,848,698</u>	<u>518,398,414</u>
	<u>451,033,523</u>	<u>546,042,499</u>

23.1 These represent investments in mutual fund units have been designated as 'available for sale financial assets' on initial recognition. The details are as follows.

	2018 Rupees	2017 Rupees
NAFA Islamic Energy Fund		
1,040,543 units (2017: 1,040,543 units)		
Market value per unit: Rs. 12.6711 (2017: Rs. 13.0957)		
Cost of investment	15,716,230	15,716,230
Changes in fair value	(2,531,405)	(2,089,590)
	<u>13,184,825</u>	<u>13,626,640</u>
NAFA Stock Fund		
Nil units (2017: 864,538 units)		
Market value per unit: Nil (2017: Rs. 16.2138)		
Cost of investment	-	16,024,074
Changes in fair value	-	(2,006,629)
	<u>-</u>	<u>14,017,445</u>
	<u>13,184,825</u>	<u>27,644,085</u>

23.2 These represent investments in listed equity securities and have been designated as 'available for sale financial assets' on initial recognition. The details are as follows.

	2018 <i>Rupees</i>	2017 <i>Rupees</i>
Pakistan Petroleum Limited		
Nil ordinary shares of Rs. 10 each (2017: 265,000)		
Market value: Nil (2017: Rs. 148.14) per share		
Cost of investment	-	42,802,855
Changes in fair value	-	(3,545,754)
	-	39,257,101
Oil and Gas Development Company Limited		
100,000 ordinary shares of Rs. 10 each (2017: 25,000)		
Market value per share: Rs. 155.62 (2017: Rs. 140.69)		
Cost of investment	16,415,492	4,206,258
Changes in fair value	(853,492)	(689,008)
	15,562,000	3,517,250
United Bank Limited		
235,100 ordinary shares of Rs. 10 each (2017: 233,000)		
Market value per share: Rs. 168.98 (2017: Rs. 235.52)		
Cost of investment	44,872,689	44,525,405
Changes in fair value	(5,145,491)	10,350,755
	39,727,198	54,876,160
Fatima Fertilizer Company Limited		
370,000 ordinary shares of Rs. 10 each (2017: 370,000)		
Market value per share: Rs. 32.40 (2017: Rs. 33.69)		
Cost of investment	12,244,225	12,244,225
Changes in fair value	(256,225)	221,076
	11,988,000	12,465,301
Bank Al Habib Limited		
483,000 ordinary shares of Rs. 10 each (2017: 483,000)		
Market value per share: Rs. 78.83 (2017: Rs. 56.75)		
Cost of investment	24,932,125	24,932,125
Changes in fair value	13,142,765	2,478,125
	38,074,890	27,410,250
Engro Fertilizers Limited		
1,335,500 ordinary shares of Rs. 10 each (2017: 1,335,500)		
Market value per share: Rs. 74.91 (2017: Rs. 55.24)		
Cost of investment	87,395,019	87,395,019
Changes in fair value	12,647,286	(13,621,999)
	100,042,305	73,773,020
Fauji Cement Company Limited		
1,250,000 ordinary shares of Rs. 10 each (2017: 1,250,000)		
Market value per share: Rs. 22.85 (2017: Rs. 41.03)		
Cost of investment	48,737,299	48,737,299
Changes in fair value	-	2,550,201
Accumulated impairment	(20,174,799)	-
	28,562,500	51,287,500

	2018 <i>Rupees</i>	2017 <i>Rupees</i>
International Steel Limited		
Nil ordinary shares of Rs. 10 each (2017: 100,000)		
Market value per share: Nil (2017: Rs. 127.89)		
Cost of investment	-	13,239,361
Changes in fair value	-	(450,361)
	-	12,789,000
Habib Metropolitan Bank Limited		
447,500 ordinary shares of Rs. 10 each (2017: 447,500)		
Market value per share: Rs. 43.35 (2017: Rs. 33.05)		
Cost of investment	16,222,665	16,222,665
Changes in fair value	3,176,460	(1,432,790)
	19,399,125	14,789,875
Pak Elektron Limited		
Nil ordinary shares of Rs. 10 each (2017: 100,000)		
Market value per share: Nil (2017: Rs. 110.32)		
Cost of investment	-	8,667,179
Changes in fair value	-	2,364,821
	-	11,032,000
Century Paper And Board Mills Limited		
120,000 ordinary shares of Rs. 10 each (2017: 120,000)		
Market value per share: Rs. 63.50 (2017: Rs. 98.05)		
Cost of investment	9,967,301	9,967,301
Changes in fair value	(2,347,301)	1,798,699
	7,620,000	11,766,000
Agriauto Industries Limited		
19,400 ordinary shares of Rs. 10 each (2017: 19,400)		
Market value per share: Rs. 295 (2017: Rs. 431.9)		
Cost of investment	8,633,373	8,633,373
Changes in fair value	(2,910,373)	(254,512)
	5,723,000	8,378,861
Shabbir Tiles And Ceramics Limited		
Nil ordinary shares of Rs. 10 each (2017: 200,000)		
Market value per share: Rs. Nil (2017: Rs. 19.17)		
Cost of investment	-	3,988,192
Changes in fair value	-	(154,192)
	-	3,834,000
Loads Limited		
110,000 ordinary shares of Rs. 10 each (2017: 100,000)		
Market value per share: Rs. 31.18 (2017: Rs. 41.47)		
Cost of investment	4,862,355	4,862,355
Changes in fair value	(1,432,555)	(715,355)
	3,429,800	4,147,000

	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
Bank Alfalah Limited			
133,000 ordinary shares of Rs. 10 each (2017: 333,000)			
Market value per share: Rs. 52.29 (2017: Rs. 40.2)			
Cost of investment		5,461,308	13,758,810
Changes in fair value		1,493,262	(372,209)
		6,954,570	13,386,601
Mari Petroleum Company Limited			
10,000 ordinary shares of Rs. 10 each (2017: 10,000)			
Market value per share: Rs. 1506.18 (2017: Rs. 1575.64)			
Cost of investment		15,416,807	15,416,807
Changes in fair value		(355,007)	339,593
		15,061,800	15,756,400
MCB Bank Limited			
100,000 ordinary shares of Rs. 10 each (2017: 100,000)			
Market value per share: Rs. 197.77 (2017: Rs. 210.43)			
Cost of investment		21,037,695	21,037,695
Changes in fair value		(1,260,695)	5,305
		19,777,000	21,043,000
Asset Management Account			
	23.2.1		
Cost of investment		141,388,559	146,023,386
Changes in fair value		(15,462,049)	(7,134,291)
		125,926,510	138,889,095
		437,848,698	518,398,414

23.2.1 These represent investments in listed equity securities through a separately managed asset management account with Alfalah GHP Investment Management Limited.

	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
24 ADVANCE INCOME TAX			
Advance income tax/income tax refundable		101,949,715	115,288,755
Provision for taxation	33	-	(42,844,846)
		101,949,715	72,443,909
25 BANK BALANCES			
Current accounts - local currency		16,649,232	15,939,035
Current accounts - foreign currency		303,777	-
		16,953,009	15,939,035

26 SALES - NET

Note		2018				
		Yarn Rupees	Fabric Rupees	Raw cotton, polyester etc. Rupees	Waste Rupees	Total Rupees
Local		4,138,112,111	-	99,943,432	182,607,965	4,420,663,508
Export	26.1	1,108,700,786	22,203,720	-	-	1,130,904,506
Gross sales		5,246,812,897	22,203,720	99,943,432	182,607,965	5,551,568,014
Export rebate		12,335,613	-	-	-	12,335,613
Sales tax		-	-	-	(784,979)	(784,979)
		<u>5,259,148,510</u>	<u>22,203,720</u>	<u>99,943,432</u>	<u>181,822,986</u>	<u>5,563,118,648</u>
Note		2017				
		Yarn Rupees	Fabric Rupees	Raw cotton, polyester etc. Rupees	Waste Rupees	Total Rupees
Local		4,389,103,957	-	132,123,687	106,661,420	4,627,889,064
Export	26.1	221,057,666	-	-	19,603,769	240,661,435
Gross sales		4,610,161,623	-	132,123,687	126,265,189	4,868,550,499
Export rebate		1,415,193	-	-	-	1,415,193
Sales tax		-	-	-	(1,369,301)	(1,369,301)
		<u>4,611,576,816</u>	<u>-</u>	<u>132,123,687</u>	<u>124,895,888</u>	<u>4,868,596,391</u>

26.1 Yarn export sales include indirect exports amounting to Rs. 494,592,804 (2017: Rs. 157,507,040).

	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
27 COST OF SALES			
Raw material consumed	27.1	3,395,857,095	3,126,890,927
Stores, spares and loose tools consumed		173,706,240	183,739,667
Salaries, wages and benefits	27.2	397,065,065	375,180,996
Insurance		6,562,339	9,973,044
Power and fuel		510,604,501	466,731,742
Repair and maintenance		9,192,353	11,562,480
Depreciation	17.1.4	131,299,083	117,952,562
Others		7,395,653	13,822,259
Manufacturing cost		4,631,682,329	4,305,853,677
Work in process			
As at beginning of the year		46,147,798	53,273,667
As at end of the year		(58,649,452)	(46,147,798)
		(12,501,654)	7,125,869
Cost of goods manufactured		4,619,180,675	4,312,979,546
Finished goods			
As at beginning of the year		52,883,593	97,472,315
Purchased during the year		457,528,490	78,061,750
As at end of the year		(61,759,790)	(52,883,593)
		448,652,293	122,650,472
Cost of raw material sold	27.1	88,640,582	116,016,721
		5,156,473,550	4,551,646,739
27.1 Raw material consumed			
As at beginning of the year		751,263,154	587,424,897
Purchased during the year		4,433,893,246	3,406,745,905
Sold during the year		(88,640,582)	(116,016,721)
As at end of the year		(1,700,658,723)	(751,263,154)
		3,395,857,095	3,126,890,927

27.2 These include charge in respect of employees retirement benefits amounting to Rs. 14,083,294 (2017: Rs. 14,140,124).

	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
28 DISTRIBUTION COST			
Export			
Ocean freight and forwarding		10,335,950	7,135,458
Commission		8,365,333	1,253,396
Export development surcharge		1,715,535	195,446
		20,416,818	8,584,300
Local			
Inland transportation		14,103,321	12,537,690
Commission		10,416,700	10,864,470
Others		332,306	372,308
		24,852,327	23,774,468
		45,269,145	32,358,768

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
29 ADMINISTRATIVE EXPENSES			
Directors' remuneration	43	8,264,646	8,344,279
Directors' meeting fee	43	420,000	420,000
Salaries and benefits	29.1	73,913,370	65,472,195
Rent, rates and taxes		832,200	756,000
Printing and stationery		1,027,437	880,843
Communication		1,942,995	2,012,886
Electricity		3,573,451	2,634,179
Repair and maintenance		359,470	379,904
Vehicles running and maintenance		5,176,131	4,265,341
Traveling and conveyance		7,763,780	6,135,629
Legal and professional		4,526,016	2,581,994
Auditor's remuneration	29.2	776,500	776,500
Fee and subscription		5,200,883	2,718,940
Entertainment		517,776	576,080
Insurance		6,826,899	3,886,742
Depreciation	17.1.4	6,978,003	8,009,741
Amortization of intangible assets	17.3	1,239,997	1,239,997
Others		669,602	436,471
		130,009,156	111,527,721

29.1 These include charge in respect of employees retirement benefits amounting to Rs. 12,552,137 (2017: Rs. 10,775,492).

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
29.2 Auditor's remuneration			
Annual statutory audit		577,500	577,500
Limited scope review		136,500	136,500
Review report under Code of Corporate Governance		52,500	52,500
Out of pocket expenses		10,000	10,000
		776,500	776,500

30 OTHER EXPENSES

Loss on financial instruments

Foreign exchange loss		-	631,895
Impairment loss on available for sale financial assets		20,174,799	-
		20,174,799	631,895

Other expenses

Loss on disposal of property, plant and equipment	17.1.3	2,677,708	5,709,867
Loss on short term investments		1,362,945	-
Workers' Profit Participation Fund	12.2	8,046,840	6,508,771
Workers' Welfare Fund	12.3	-	2,203,444
Donations	30.1	1,765,000	600,000
		13,852,493	15,022,082
		34,027,292	15,653,977

30.1 Donation amounting to Rs. 1,000,000 was paid to Saleem Memorial Trust Hospital, 31-Q, Gulberg II, Lahore. None of the directors or their spouses had any interest in the donees.

	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
31 OTHER INCOME			
Gain on financial instruments			
Gain on disposal of short term investments		-	2,815,234
Foreign exchange gain		1,946,969	-
Return on term deposits		-	53,425
Dividend income		30,120,973	17,808,798
		32,067,942	20,677,457
Other income			
Scrap sale		1,060,000	766,819
Liability written off	12.3.1	16,704,510	-
		17,764,510	766,819
		49,832,452	21,444,276
32 FINANCE COST			
Interest/markup/profit on borrowings:			
long term finances		31,045,701	30,026,147
liabilities against assets subject to finance lease		-	27,589
short term borrowings		78,675,473	24,639,822
		109,721,174	54,693,558
Interest on workers' profit participation fund	12.2	706,826	450,525
Bank charges and commission		4,735,617	2,696,691
		115,163,617	57,840,774
33 PROVISION FOR TAXATION			
Current taxation			
for current year	33.1	-	42,844,846
for prior years		109,722	(45,000)
		109,722	42,799,846
Deferred taxation			
attributable to origination and reversal of temporary differences		3,088,757	2,220,355
attributable to changes in tax rates		(1,704,735)	(1,678,437)
	11.1	1,384,022	541,918
		1,493,744	43,341,764
33.1	No provision for current tax has been made due to available tax credits under section 65B of the Income Tax Ordinance, 2001 [the Ordinance]. According to management, the provision for current taxation made in the financial statements is sufficient to discharge tax liability. A comparison of last three years of provision for current taxation with tax assessed is presented below:		

	2017 <i>Rupees</i>	2016 <i>Rupees</i>	2015 <i>Rupees</i>
Provision for current taxation as per financial statements	42,844,846	14,900,431	36,041,071
Tax assessment under section 120 of the Ordinance	42,954,568	14,855,431	36,509,809

- 33.2** The Government of Pakistan vide Finance Act 2017 notified a reduced tax rate of 30% for tax year 2018 as compared to 31% applicable to previous year for Companies.
- 33.3** Assessments up to assessment year 2002-2003 have been finalized under the relevant provisions of the Repealed Income Tax Ordinance, 1979.
- 33.4** The income tax assessments of the Company up to and including tax year 2017 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Ordinance except for the tax years highlighted below.
- 33.5** The Company's case was selected for audit by the Additional Commissioner Inland Revenue ['ACIR'] for tax year 2003 in terms of section 177 of the Ordinance in May 2004. On conclusion of audit proceedings, ACIR through order passed under section 122(1) of the Ordinance in September 2008, raised a tax demand of Rs. 8,458,874. The Company filed an appeal before Commissioner Inland Revenue (Appeals) ['CIR (A)'] against this order in November 2008 and the CIR (A), through order in June 2009, dismissed certain disallowances / additions made by the ACIR and upheld some of them against which the Company filed an appeal before Appellate Tribunal Inland Revenue ['ATIR'] in August 2009. Moreover, ACIR also went into cross appeal against the CIR (A)'s order before the ATIR. Both appeals have been heard by the ATIR and judgment is awaited.
- 33.6** In respect of tax year 2006, the ACIR finalized proceedings under section 122(5A) of the Ordinance through order dated June 30, 2012, wherein a demand of Rs. 4.855 million was raised against the Company on the grounds that minimum tax under section 113 of the Ordinance is to be levied in addition to tax under final tax regime. The Company appealed against the order before CIR(A) in September 2012 and applied for rectification on account of correction of charge of 'Workers' Welfare Fund' and 'brought forward losses' under section 221 of the Ordinance. The CIR(A), through order dated February 22, 2013, decided the above mentioned appeal by upholding the levy of minimum tax. The Company has filed an appeal with the ATIR in April 2013 which is yet to be fixed for hearing. The rectification application has, however, not yet been taken up for disposal.
- 33.7** The Deputy Commissioner Inland Revenue ['DCIR'] through notice dated April 10, 2017 initiated proceedings under section 161/205 of the Ordinance for tax years 2013 and 2014. The proceedings are yet to be concluded.

	<i>Unit</i>	2018	2017
34 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit attributable to ordinary shareholders	<i>Rupees</i>	130,514,596	77,670,924
Weighted average number of ordinary shares outstanding during the year	<i>No. of shares</i>	10,950,000	10,950,000
Earnings per share - <i>basic and diluted</i>	<i>Rupees</i>	11.92	7.09

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

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
35 CASH (USED IN)/GENERATED FROM OPERATIONS		
Profit before taxation	132,008,340	121,012,688
Adjustments for non-cash and other items		
Finance cost	115,163,617	57,840,774
Loss on disposal of property, plant and equipment	2,677,708	5,709,867
Foreign exchange (gain)/loss	(1,946,969)	631,895
Dividend income	(30,120,973)	(17,808,798)
Liability written off	(16,704,510)	-
Loss/(gain) on disposal of short term investments	1,362,945	(2,815,234)
Impairment loss on available for sale financial assets	20,174,799	-
Provision for employees retirement benefits	26,635,431	24,915,616
Depreciation	138,277,086	125,962,303
Amortization of intangible asset	1,239,997	1,239,997
	256,759,131	195,676,420
	388,767,471	316,689,108
Changes in working capital		
Stores, spares and loose tools	(27,395,054)	4,933,918
Stock in trade	(970,773,420)	(112,123,666)
Trade debts	(338,101,870)	(108,766,211)
Advances, prepayments and other receivables	(146,467,897)	(54,160,341)
Trade and other payables	130,415,522	35,727,837
	(1,352,322,719)	(234,388,463)
Cash (used in)/generated from operations	(963,555,248)	82,300,645

36 CASH AND CASH EQUIVALENTS

Bank balances	16,953,009	15,939,035
	16,953,009	15,939,035

37 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Prosperity Weaving Mills Limited	Associated company	Common directorship	N/A
Nagina Cotton Mills Limited	Associated company	Common directorship	N/A
Haroon Omer (Private) Limited	Associated company	Common directorship	6.07%
Monell (Private) Limited	Associated company	Common directorship	6.07%
Icaro (Private) Limited	Associated company	Common directorship	6.07%
ARH (Private) Limited	Associated company	Common directorship	5.74%
Ellahi International (Private) Limited	Associated company	Common directorship	0.38%
Shafqat Ellahi Shaikh	Key management personnel	Chief executive officer	2.60%

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Syed Moaz Mohiuddin	Key management personnel	Director	0.005%
Jamal Nasim	Key management personnel	Director	0.01%
Shahzada Ellahi Shaikh	Key management personnel	Director	2.22%
Shaukat Ellahi Shaikh	Key management personnel	Director	3.39%
Amin Ellahi Shaikh	Key management personnel	Director	12.79%

Transactions with key management personnel are limited to payment of short term employee benefits and dividend on ordinary shares. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an orderly transaction between market participants at the date of transaction.

There are no balances outstanding with related parties as at the reporting date. Detail of transactions with related parties is as follows:

		2018	2017
		<i>Rupees</i>	<i>Rupees</i>
37.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Associated companies	Purchases	457,573,990	11,446,250
	Sales	781,109,572	741,435,524
	Rent paid	831,600	756,000
	Dividend paid	9,322,114	9,322,114
Key management personnel	Short term employee benefits	8,684,646	8,764,279
	Dividend paid to directors and their family members	17,867,934	17,131,531

38 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
38.1 Financial assets			
<i>Loans and receivables</i>			
Long term deposits	18	7,090,700	7,090,700
Trade debts	21	738,488,296	390,184,845
Advances to employees	22	599,419	885,379
Bank balances	25	16,953,009	15,939,035
		763,131,424	414,099,959
<i>Available for sale financial assets</i>			
Investments in mutual fund units	23.1	13,184,825	27,644,085
Investments in listed equity securities	23.2	437,848,698	518,398,414
		451,033,523	546,042,499
		1,214,164,947	960,142,458

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
38.2 Financial liabilities			
<i>Financial liabilities at amortized cost</i>			
Long term finances	9	1,901,468,741	566,909,450
Short term borrowings	14	2,227,456,568	922,677,657
Accrued interest/markup/profit	13	51,481,017	17,411,243
Trade creditors	12	46,165,450	31,471,589
Accrued liabilities	12	241,195,445	127,263,866
Unclaimed dividend		4,908,619	4,606,115
		<u>4,472,675,840</u>	<u>1,670,339,920</u>

39 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

39.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

39.1.1 Maximum exposure to credit risk

Credit risk principally arises from the Company's loans and receivables and investment in listed equity securities through separately managed asset management account. The maximum exposure to credit risk as at the reporting date is as follows:

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
<i>Loans and receivables</i>			
Long term deposits	18	7,090,700	7,090,700
Trade debts	21	738,488,296	390,184,845
Bank balances	25	16,953,009	15,939,035
		<u>762,532,005</u>	413,214,580
<i>Available for sale financial assets</i>			
Asset management account	23.2	125,926,510	138,889,095
		<u>888,458,515</u>	<u>552,103,675</u>

39.1.2 Concentrations of credit risk

The Company's maximum exposure to credit risk, as at the reporting date, by type of counterparty is as follows:

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
Customers	738,488,296	390,184,845
Utility companies and regulatory authorities	7,090,700	7,090,700
Banking companies and financial institutions	142,879,519	154,828,130
	<u>888,458,515</u>	<u>552,103,675</u>

39.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates.

(a) Counterparties with external credit ratings

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

(b) Counterparties without external credit ratings

These include customers which are counter parties to 'trade debts' and utility companies and regulatory authorities which are counter parties to 'long term deposits'. Credit risk in respect of long term deposits is considered to be insignificant as non-performance by these parties is not expected. The Company is exposed to credit risk in respect of trade debts. The analysis of ages of trade debts as at the reporting date is as follows:

	2018		2017	
	Gross carrying amount Rupees	Accumulated Impairment Rupees	Gross carrying amount Rupees	Accumulated Impairment Rupees
Neither past due nor impaired	582,713,170	-	216,206,358	-
Past due by 0 to 12 months	147,275,761	-	165,853,747	-
Past due by more than 12 months	8,499,365	-	8,124,740	-
	738,488,296	-	390,184,845	-

The Company's nil (2017: two) significant customer account for nil (2017: Rs. 152.29 million) of trade debts as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2017: 10%) of trade debts as at the reporting date. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected. Further, trade debts amounting to Rs. 412.89 million (2017: Rs. 14.74 million) are secured through letters of credit and thus do not carry any significant credit risk. Management believes that trade debts that are past due are collectible in full, based on historical payment behavior and extensive analysis of customer credit risk.

39.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets with the exception of trade debts, which are partially secured through letters of credit.

39.1.5 Credit risk management

As mentioned in note 39.1.3 to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. In respect of trade debts, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of trade debts are established and executed. In monitoring customer credit risk, the ageing profile of trade debts and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

39.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

39.2.1 Exposure to liquidity risk

The following is the analysis of contractual maturities of financial liabilities, including estimated interest/markup/profit payments.

	2018				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to three years Rupees	More than three years Rupees
Long term finances	1,901,468,741	2,544,042,053	233,793,086	664,699,875	1,645,549,092
Short term borrowings	2,227,456,568	2,232,493,828	2,232,493,828	-	-
Accrued interest/markup	51,481,017	51,481,017	51,481,017	-	-
Trade creditors	46,165,450	46,165,450	46,165,450	-	-
Accrued liabilities	241,195,445	241,195,445	241,195,445	-	-
Unclaimed dividend	4,908,619	4,908,619	4,908,619	-	-
	4,472,675,840	5,120,286,412	2,810,037,445	664,699,875	1,645,549,092
	2017				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to three years Rupees	More than three years Rupees
Long term finances	566,909,450	641,173,470	95,745,463	247,806,074	297,621,933
Short term borrowings	922,677,657	924,397,662	924,397,662	-	-
Accrued interest/markup	17,411,243	17,411,243	17,411,243	-	-
Trade creditors	31,471,589	31,471,589	31,471,589	-	-
Accrued liabilities	127,263,866	127,263,866	127,263,866	-	-
Unclaimed dividend	4,606,115	4,606,115	4,606,115	-	-
	1,670,339,920	1,746,323,945	1,200,895,938	247,806,074	297,621,933

39.2.2 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also maintains various lines of credit with banking companies.

39.3 Market risk

39.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency.

(a) Exposure to currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

	2018				
	CHF Rupees	JPY Rupees	Euro Rupees	USD Rupees	Total Rupees
Financial assets					
Trade debts	-	-	-	412,890,622	412,890,622
Bank balances	-	-	-	303,777	303,777
	-	-	-	413,194,399	413,194,399
Financial liabilities	-	-	-	-	-
Net balance sheet exposure	-	-	-	413,194,399	413,194,399
Foreign currency commitments	-	-	-	(77,465,158)	(77,465,158)
Net exposure	-	-	-	335,729,241	335,729,241
	2017				
	CHF Rupees	JPY Rupees	Euro Rupees	USD Rupees	Total Rupees
Financial assets					
Trade debts	-	-	-	14,735,985	14,735,985
Bank balances	-	-	-	-	-
	-	-	-	14,735,985	14,735,985
Financial liabilities					
Short term borrowings	-	-	-	(276,581,588)	(276,581,588)
Accrued interest/markup	-	-	-	(719,304)	(719,304)
	-	-	-	(277,300,892)	(277,300,892)
Net balance sheet exposure	-	-	-	(262,564,907)	(262,564,907)
Foreign currency commitments	(223,656,395)	(4,167,925)	(254,995,370)	(752,208,531)	(1,235,028,221)
Net exposure	(223,656,395)	(4,167,925)	(254,995,370)	(1,014,773,438)	(1,497,593,128)

(b) Exchange rates applied as at the reporting date

The following spot exchange rates were applied as at the reporting date.

	2018		2017	
	Assets Rupees	Liabilities Rupees	Assets Rupees	Liabilities Rupees
CHF	-	-	-	109.7500
JPY	-	-	-	0.9392
Euro	-	-	-	120.1400
USD	121.4000	121.6000	104.8000	105.0000

(c) Sensitivity analysis

A five percent appreciation in Pak Rupee against foreign currencies would have decreased/increased profit for the year and equity as at the reporting date by Rs. 20.66 million (2017: Rs. 13.13 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit and equity. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

39.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

(a) Interest/markup/profit bearing financial instruments

The effective interest/markup/profit rates for interest/markup/profit bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/markup/profit bearing financial instruments as at the reporting date are as follows:

	2018	2017
	Rupees	Rupees
Fixed rate instruments	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	4,066,217,849	1,444,550,309

(b) Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate instruments as at the reporting date.

(c) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year and equity as at the reporting date by Rs. 40.67 million (2017: Rs. 14.45 million). A decrease of 100 basis points would have had an equal but opposite effect on profit and equity. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) Interest rate risk management

The Company manages interest rate risk by analysing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

39.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is exposed to price risk in respect of its investments in equity securities and mutual fund units.

A one percent appreciation in prices of equity securities and mutual fund units as at reporting date would have increased equity as at the reporting date by Rs 4.51 million (2017: 5.46 million). A one percent diminution in prices of equity securities and mutual fund units as at the reporting date would have had equal but opposite effect on equity. The analysis assumes that all other variables remain constant and ignores the impact, if any, on provision for taxation for the year.

40 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The Company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances including current maturity. Total capital employed includes total equity as shown in the balance sheet plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	Unit	2018	2017
Total debt	Rupees	1,901,468,741	566,909,450
Total equity	Rupees	1,549,270,381	1,449,024,088
Total capital employed		<u>3,450,739,122</u>	<u>2,015,933,538</u>
Gearing	% age	<u>55.10</u>	<u>28.12</u>

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

41 FAIR VALUE MEASUREMENTS

41.1 Financial Instruments

41.1.1 Financial instruments measured at fair value

The Company measures some of its financial assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 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 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

a) Recurring fair value measurements

Nature of asset	Hierarchy	Valuation techniques/Key inputs	2018	2017
			Rupees	Rupees
Available for sale financial assets				
Investments in mutual fund units	Level 1	Quoted prices in an active market	13,184,825	27,644,085
Investments in equity securities	Level 1	Quoted prices in an active market	437,848,698	518,398,414

b) Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

41.1.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

41.2 Assets and liabilities other than financial instruments.

None of the assets and liabilities other than financial instruments are measured at fair value.

	2018	2017
	Rupees	Rupees

42 RESTRICTION ON TITLE AND ASSETS PLEDGED/MORTGAGED AS SECURITY

Mortgages and charges

Charge over current assets	3,193,000,000	2,926,000,000
Charge over fixed assets	2,895,000,000	934,000,000

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2018		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	4,576,800	-	16,342,500
Allowances and perquisites	3,687,846	-	8,167,388
Meeting fee	-	420,000	-
Post employment benefits	-	-	2,057,074
	8,264,646	420,000	26,566,962
Number of persons	1	2	10
	2017		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	3,979,200	788,400	12,606,900
Allowances and perquisites	3,074,529	502,150	6,301,056
Meeting fee	-	420,000	-
Post employment benefits	-	-	1,829,830
	7,053,729	1,710,550	20,737,786
Number of persons	1	2	11

43.1 Remuneration, allowances and meeting fee include Rs. 420,000 (2017: Rs. 1,710,550) paid to non-executive directors of the Company.

43.2 Chief Executive, Directors and Executives are provided with free use of company maintained vehicles.

44 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on September 27, 2018 has proposed dividend on ordinary shares at Rs. 6/- per ordinary share of Rs. 10 each. The proposed dividend is subject to approval of the Company's shareholders in the forthcoming annual general meeting and has not been included as a liability in the financial statements.

	2018	2017
	No of shares	No of shares

45 SHARES IN THE COMPANY HELD BY ASSOCIATED COMPANIES

Ordinary shares in the Company held by associated companies are as follows:

Haroon Omer (Private) Limited	664,572	664,572
Monell (Private) Limited	664,572	664,572
Icaro (Private) Limited	664,572	664,572
ARH (Private) Limited	628,400	628,400
Ellahi International (Private) Limited	41,345	41,345
	2,663,461	2,663,461

46 SEGMENT INFORMATION

- 46.1 The Company is a single operating segment.
- 46.2 All non-current assets of the Company are situated in Pakistan.
- 46.3 All sales of the Company have originated from Pakistan.
- 46.4 Sales include Rs. 781 million (2017: Rs. 1,984 million) of revenue derived from sales to one (2017: three) customer. There is no other single significant external customer to whom sales in excess of 10% of the Company's total sales were made during the year.

47 PLANT CAPACITY AND ACTUAL PRODUCTION

	<i>Unit</i>	2018	2017
Number of spindles installed	<i>No.</i>	61,968	61,728
Plant capacity on the basis of utilization converted into 30s count	<i>Kgs</i>	13,080,875	13,030,213
Actual production converted into 30s count	<i>Kgs</i>	12,046,996	12,332,907

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist etc. It would also vary according to pattern of production adopted in a particular year. During the year 24,960 spindles remained idle due to replacement.

48 NUMBER OF EMPLOYEES

	Factory		Head office	
	2018	2017	2018	2017
Total number of employees	<u>852</u>	<u>753</u>	<u>78</u>	<u>74</u>
Average number of employees	<u>843</u>	<u>815</u>	<u>76</u>	<u>72</u>

49 RECLASSIFICATIONS

The following have been reclassified for compliance with Fourth Schedule to the Companies Act, 2017.

Particulars	From	To	2018	2017
Unclaimed dividend	Trade and other payables	Statement of Financial Position	4,908,619	4,606,115

50 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

51 GENERAL

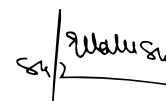
- 51.1 Figures have been rounded off to the nearest rupee.
- 51.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year other than those referred to in note 49.



Shahzada Ellahi Shaikh
Chairman



Muhammad Ahmad
Chief Financial Officer



Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)








Lahore: September 27, 2018










Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 [jamapunji.pk](https://www.facebook.com/jamapunji.pk)

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

FORM OF PROXY

The Secretary,
ELLCOT SPINNING MILLS LTD.
 Nagina House,
 91-B-1, M.M. Alam Road,
 Gulberg-III,
 Lahore-54660.

I/We _____ of _____
 being member(s) of **ELLCOT SPINNING MILLS LTD.**, and holder of _____
 Ordinary Shares as per Share Register Folio No. _____ (In case of Central Depository
 System Account Holder A/c No. _____ Participant I.D. No. _____ -
 _____) hereby appoint _____ of
 _____ who is member of the company as per Register Folio No. -
 _____ (In case of Central Depository System Account Holder A/c No.
 _____ Participant I.D. No. _____) or failing him/her
 _____ of _____ who is
 member of the Company as per Register Folio No. _____ (In case of Central
 Depository System Account Holder A/c No. _____ Participant I.D. No.
 _____) as my/our proxy to vote for me/us and on my/our behalf at the 30th Annual
 General Meeting of the Company to be held on October 26, 2018 and at any adjournment thereof.

Affix
 Rs. 5/=
 Revenue
 Stamp

(Signature should agree with the
 Specimen signature registered
 with the Company)

Signed at _____ this the _____ day of _____ 2018

NOTES:

1. If a member is unable to attend the meeting, he/she may sign this form and send it to the Secretary so as to reach him not less than 48 hours before the time of holding the meeting.
2. Members through CDC appointing proxies must attach attested copy of their Computerized National Identity Card with the proxy form.
3. The Shareholders through CDC, who wish to attend the Annual General Meeting are requested to please bring, original Computerized National Identity Card with copy thereof duly attested by their Bankers, Account number and Participant I.D number for identification purpose.
4. In case of corporate entity, certified copy of the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.

پراکسی فارم (مختار نامہ)

یکٹری

ایلیکوٹ سپننگ ملز لمیٹڈ

گئینہ ہاؤس، B-91، ایم ایم عالم روڈ

گلبرگ III، لاہور 54660

میں / ہم

ساکن

بحیثیت رکن ایلیکوٹ سپننگ ملز لمیٹڈ اور حامل _____ عام حصص بمطابق شیئر رجسٹر فوئیو نمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیسپنٹ (شرکت) آئی ڈی نمبر _____)

بذریعہ ہذا

محترم / محترمہ _____ ساکن _____

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فوئیو نمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیسپنٹ (شرکت) آئی ڈی نمبر _____)

یا اسکی غیر موجودگی میں محترم / محترمہ _____ ساکن _____

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فوئیو نمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیسپنٹ (شرکت) آئی ڈی نمبر _____)

مورخہ 26 اکتوبر 2018ء کو منعقد ہونے والے کمپنی کے 30 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار

(پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

دستخط آج بروز تاریخ 2018ء

5 روپے کارسیدی ٹکٹ

چسپاں کریں

دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے

مطابق ہونے چاہئیں

نوٹ:

- 1- اگر ایک ممبر اجلاس میں شرکت کے قابل نہیں ہے تو وہ اس فارم پر دستخط کرے اور سیکرٹری کو اس طور ارسال کر دے کہ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہئے۔
- 2- سی ڈی سی کے ذریعے حصص یافتگان پراکسیز تقرر کرتے ہوئے پراکسی فارم کے ہمراہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی مصدقہ کاپی منسلک کریں۔
- 3- سی ڈی سی کے ذریعے حصص یافتگان جو سالانہ اجلاس میں شرکت کرنا چاہتے ہوں سے التماس ہے کہ شناخت کے مقصد کے لئے اصل کمپیوٹرائزڈ قومی شناختی کارڈ ہمراہ اپنے بینکرز سے اسکی مصدقہ کاپی، اکاؤنٹ نمبر اور پارٹیسپنٹ آئی ڈی نمبر ہمراہ لائیں۔
- 4- کارپوریٹ ایجنسی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ کی مصدقہ کاپی مع نمونہ دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہو گا۔

Ellicot Spinning Mills Limited

Nagina House, 91-B-1, M.M. Alam Road,
Gulberg-III Lahore-54660

www.nagina.com