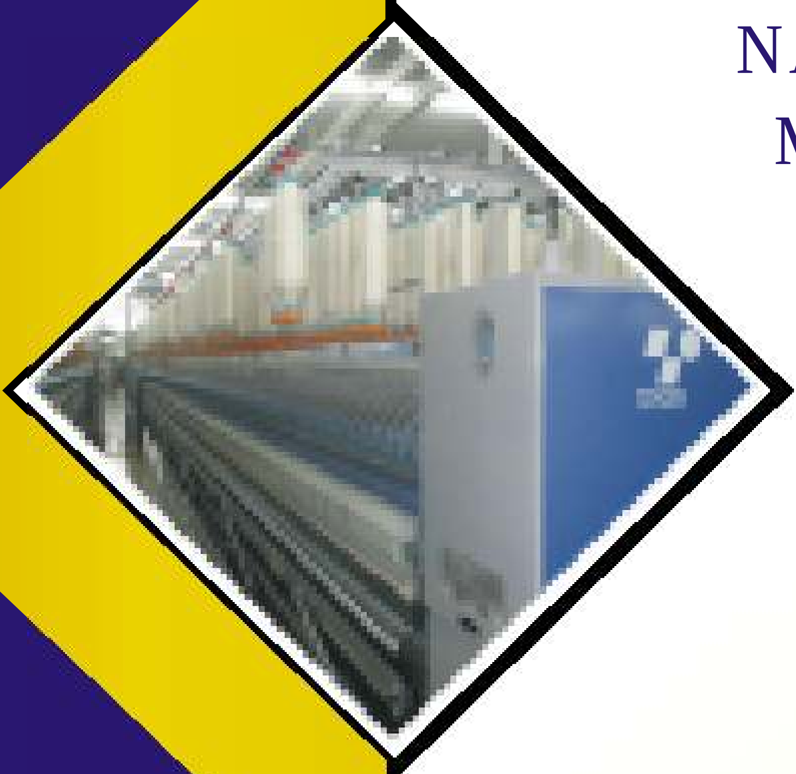
N A G I N A G R O U P

NAGINA

NAGINA GROUP

NAGINA COTTON MILLS LIMITED



ANNUAL REPORT 2 0 1 9

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NAGINA GROUP

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Shahzada Ellahi Shaikh	Non-Executive Director / Chairman
	Mr. Tajammal Husain Bokharee	Independent Non-Executive Director
	Mr. Shafiq ur Rehman	Independent Non-Executive Director
	Mr. Shafqat Ellahi Shaikh	Non-Executive Director
	Mr. Raza Ellahi Shaikh	Non-Executive Director
	Mr. Haroon Shahzada Ellahi Shaikh	Non-Executive Director
	Mr. Shaukat Ellahi Shaikh	Executive Director
	Mr. Tariq Zafar Bajwa	Executive Director
	Mr. Munawar Iqbal	Executive Director
MANAGING DIRECTOR (Chief Executive)	Mr. Shaukat Ellahi Shaikh	
AUDIT COMMITTEE	Mr. Tajammal Husain Bokharee	Chairman
	Mr. Shafqat Ellahi Shaikh	Member
	Mr. Raza Ellahi Shaikh	Member
	Mr. Syed Mohsin Gilani	Secretary
HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE	Mr. Tajammal Husain Bokharee	Chairman
	Mr. Raza Ellahi Shaikh	Member
	Mr. Tariq Zafar Bajwa	Member
	Mr. Muhammad Azam	Secretary
EXECUTIVE COMMITTEE	Mr. Shafqat Ellahi Shaikh	Chairman
	Mr. Shahzada Ellahi Shaikh	Member
	Mr. Shaukat Ellahi Shaikh	Member
	Mr. Raza Ellahi Shaikh	Member
	Mr. Muhammad Azam	Secretary
CORPORATE SECRETARY	Mr. Syed Mohsin Gilani	
CHIEF FINANCIAL OFFICER (CFO)	Mr. Tariq Zafar Bajwa	
HEAD OF INTERNAL AUDIT	Mr. Kashif Saleem	
AUDITORS	Messrs Deloitte Yousuf Adil Chartered Accountants	
LEGAL ADVISOR	Makhdoom & Makhdoom Advocates	
LEAD BANKERS	Albaraka Bank (Pakistan) Ltd. Allied Bank Ltd. Askari Bank Ltd. Bank Alfalah Ltd. Faysal Bank Ltd. Habib Bank Ltd. Habib Metropolitan Bank Ltd. JS Bank LTD. Meezan Bank Ltd. Industrial Development Bank of Pakistan MCB Bank Ltd. National Bank of Pakistan Samba Bank Ltd. Standard Chartered Bank (Pakistan) Ltd. The Bank of Punjab United Bank Ltd.	
REGISTERED OFFICE	2nd Floor, Shaikh Sultan Trust Bldg. No.2 26, Civil Lines, Beaumont Road, Karachi - 75530	
WEB REFERENCE	www.nagina.com	
SHARE REGISTRAR	M/s Hameed Majeed Associates (Pvt.) Ltd. 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi. Phone # 021-32412754, 32424826 Fax # 021-32424835	
MILLS	Aminabad, A-16, S.I.T.E., National Highway, Kotri	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 52nd Annual General Meeting of members of NAGINA COTTON MILLS LTD. will be held at the Registered Office of the Company situated at 2nd Floor, Shaikh Sultan Trust Bldg. No.2, 26, Civil Lines, Beaumont Road, Karachi - 75530 on **Monday, October 28, 2019** at 9:15 a.m. to transact the following business:-

ORDINARY BUSINESS

1) To confirm minutes of the Annual General Meeting held on October 27, 2018.

2) To receive, consider and adopt Audited Financial statement of the Company together with the Chairman's Review Report, Directors' and Auditors' reports thereon for the year ended June 30, 2019.

3) To approve and declare final dividend as recommended by the Board of Directors.

4) To appoint Auditors for the year ending on June 30, 2020 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

September 26, 2019

NOTES:

1) The share transfer books for ordinary shares of the Company will be closed from Tuesday, October 22, 2019 to Monday, October 28, 2019 (both days inclusive). Valid transfer(s) received in order by our Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi by the close of business on Monday, October 21, 2019 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 the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulation 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants. Therefore, shareholders are requested to 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, 2019 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, 2019 effective from July, 01 2019, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

i) Rate of Withholding Income Tax deduction for the persons whose names are appearing on ATL. 15%

ii) Rate of Withholding Income Tax deduction for the persons whose names are not appearing on ATL. 30%

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not appearing on Active Taxpayers' List (ATL) available on the website of FBR are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% 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-holders (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., 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

c) Shareholders are requested to contact the Registered Office of the Company or the Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi 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 30, 2015. The Company has not made any investment under the resolution. Following is the status:

a) Total investment approved;	Rs.75,000,000/= (Rupees seventy five million only) to each of the following associated company: i) Ellcot Spinning Mills Ltd. (ESML) ii) Prosperity Weaving Mills Ltd. (PWML)
b) Amount of investment made to date;	Nil
c) Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time; and	No deviation from approved timeline has occurred rather 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 2018-19.
d) Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.	See table below

	Present Financial Position as on June 30, 2019		Financial Position at the time of Approval as on June 30, 2015	
	PWML	**ESML**	PWML	ESML
	Rupees in Millions			
Net sales	**7,112.276**	**6,346.642**	5,811.482	4,588.788
Gross profit	**706.784**	**640.754**	318.755	291.992
Profit before tax	**319.179**	**167.489**	31.188	90.206
Profit after tax	**210.034**	**204.769**	60.831	54.291

Vision:

To strive for excellence through commitment, integrity, honesty and team work.

Mission:

The mission of Company is to operate state of the art spinning machinery capable of producing high quality carded and combed, cotton, core spun and blended yarn for knitting and weaving.

The Company will conduct its operations prudently assuring customer satisfaction and will provide profits and growth to its shareholders through;

- Providing quality products and services to our customers mainly engaged in the manufacturing of textile products.
- Manufacturing of cotton, core spun and blended yarn as per the customers' requirements and market demand.
- Exploring the global market with special emphasis on Europe and USA.
- Keeping pace with the rapidly changing technology by continuously balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Recruiting, developing, motivating and retaining the personnel having exceptional ability and dedication by providing them good working conditions, performance based compensation, attractive benefit program and opportunity for growth.
- Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.

Control Union Certifications B.V.
Meeuwenlaan 4-6, 8011 BZ, Zwolle, Netherlands
+31 38 426 0100
www.controlunion.com

CERTIFICATE OF COMPLIANCE

Certificate No: [illegible]
Registration No: [illegible]

Nagina Cotton Mills Limited

Nagina Group, 93, B-1, M.M. Alam Road
Gulberg III,
Lahore
Pakistan

Global Recycled Standard (GRS) 4.0

Yarns

Spinning, Trading, Exporting

2020-04-16

2019-05-31, Zwolle

On behalf of the Managing Director
[illegible] | Certifier

CONTROL UNION

Control Union Certifications B.V.
Meeuwenlaan 4-6, 8011 BZ, Zwolle, Netherlands
+31 38 426 0100
www.controlunion.com

CERTIFICATE OF COMPLIANCE

Certificate No: CU846331RCS-2021-00008700
Registration No: 846331

Nagina Cotton Mills Limited
Nagina Group, 91-B-1, M.M. Alam Road
Gulberg III,
Lahore
Pakistan

Recycled Claim Standard (RCS) 2.0

Yarns

Spinning, Trading, Exporting

2020-04-11

2021-05-31, Zwolle

On behalf of the Managing Director
Udaya Kumar Herath | Certifier

Control Union Certifications B.V.
Meeuwenlaan 4-6 · 8011 BZ · Zwolle · Netherlands

Control Union Certifications B.V.

CERTIFICATE OF COMPLIANCE

Certificate No: [illegible]

Registration No: [illegible]

Nagina Cotton Mills Limited

Nagina Group, [illegible] M.M. Alam Road

Gulberg III,

Lahore

Pakistan

Organic Content Standard (OCS) [illegible]

Yarns

Spinning, Trading, Exporting

[illegible], Zwolle

On behalf of the Managing Director

CONTROL UNION

Control Union Certifications B.V.
Meeuwenlaan 4-6, 8011 BZ, Zwolle, Netherlands
+31 38 426 0100
www.controlunion.com

CERTIFICATE OF COMPLIANCE

Certificate No: CU [illegible]
Registration No: [illegible]

Nagina Cotton Mills Limited

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

Global Organic Textile (GOTS) [illegible]

Fibres, Yarns

Exporting, Spinning, Trading

[illegible]

[illegible], Zwolle

On behalf of the Managing Director
[illegible] | Certifier

CONTROL UNION

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AITEX
INSTITUTO TECNOLÓGICO TEXTIL
PLAZA EMILIO SALA, 1
03801 ALCOY (ALICANTE) ESPAÑA, SPAIN

OEKO-TEX®
INSPIRING CONFIDENCE

CERTIFICATE

The company

NAGINA COTTON MILLS LTD
95, 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
2019OK0258

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100
2019OK0153 AITEX
Tested for harmful substances
www.oeko-tex.com/standard100

for the following articles:

Greige yarns made of 100% cotton and its mixtures with 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 2019OK0153 is valid until 29.02.2020

Alcoy (Alicante) España, 04.03.2019

Silvia Devesa Valencia
Innovation Assistant Manager

Isabel Soriano Sanió
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 Nagina Cotton Mills Limited (NCML) 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 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;

- 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;and

- Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time prior to the Board and it Committee Meetings. The non- executive and independent directors are equally involved in important decisions of the board.

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 NCML 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

September 26, 2019

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

نگینہ کاٹن ملز لمیٹڈ (NCML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصص داروں کے بہترین مفاد کو برقرار رکھتے ہوئے اپنی ذمہ داریوں کو تندہی سے انجام دی ہیں اور کمپنی کے امور کو مؤثر اور بروقت انداز سے منظم کیا ہے۔ بورڈ نے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 میں دیے گئے اپنے اختیارات اور ذمہ داران کو بخوبی سرانجام دیا ہے۔

• بورڈ نے اسٹریٹجک منصوبہ بندی کے عمل، ادارے کو لاحق خطرات کا انتظامی نظام، پالیسی ڈویلپمنٹ 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 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 تشخیص طریقہ کار اور یا آزادانہ آڈٹ سرگرمیوں کے ذریعے اس کی باقاعدگی سے جانچ پڑتال کی جاتی ہے۔

• بورڈ نے مجلس نظماء کی رپورٹ کی تیاری اور منظوری دی ہے اور اس بات کو یقینی بنایا ہے کہ مجلس نظماء کی رپورٹ کمپنی کی سہ ماہی اور سالانہ مالیاتی حسابات کے ساتھ شائع ہوئی اور مجلس نظماء کی رپورٹ کا مواد قابل اطلاق قوانین اور قواعد وضوابط کے مطابق ہے۔

• بورڈ نے چیف ایگزیکٹو سمیت دیگر اہم ایگزیکٹوز بشمول چیف فنانشل آفیسر، کمپنی سیکرٹری اور داخلی آڈٹ کے سربراہ کی درست اور بروقت تقرری کو یقینی بنایا ہے۔

• بورڈ نے اس کے اراکین کے درمیان بروقت طریقے سے کسی بھی معلومات کے تبادلے کو یقینی بنایا اور بورڈ کے ممبران کو صنعت کے رحجانات اور ڈویلپمنٹ کے بارے میں لمحہ بہ لمحہ باخبر رکھا گیا ہے۔

• بورڈ نے کمپنی پر قابل اطلاق متعلقہ قوانین اور قواعد وضوابط کی روشنی میں دیے 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 بارے میں تمام قابل اطلاق قوانین اور قواعد وضوابط کی تعمیل کو ترجیح دی ہے۔

• بورڈ اور اس کی ذیلی کمیٹی کی میٹنگ سے مناسب قبل از وقت بطور ایجنڈا اور اس سے متعلق دستاویزات بورڈ میں مہیا کیے گئے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بورڈ کے اہم فیصلوں میں برابر کے شریک ہیں۔

بورڈ کی سالانہ کارکردگی اہم شعبوں پر مبنی ہے جہاں بورڈ کو اعلیٰ درجے کی نگرانی مہیا کرنے بشمول اسٹریٹجک عمل، کلیدی کاروباری امور سمیت بجٹ 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 جا سکتا ہے کہ NCML کے بورڈ نے اس بات کو یقینی بنانے میں اہم کردار ادا کیا ہے کہ کمپنی کے مقاصد کو نہ صرف حاصل کیا جا سکتا ہے بلکہ بورڈ اور اس کے ارکان کی راہنمائی اور نگرانی کے ذریعے انتظامیہ کی مشترکہ کوششوں کے ساتھ توقعات سے بھی آگے بڑھایا جا سکتا ہے۔

شہزادہ الٰہی شیخ

چیئرمین

26 ستمبر 2019

DIRECTORS' REPORT TO THE MEMBERS

The Directors have the honor to present 52nd Annual Report of your Company together with Audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2019. Figures for the previous year ended June 30, 2018 are included for comparison.

Company Performance

Alhamdulillah, your Company has earned an after tax profit of Rs. 308,619,662 or 4.45% of sales compared to Rs. 158,202,496 which was 2.69% of sales during previous year. EPS stood at Rs.16.50 in comparison to Rs. 8.46 of previous year. This has been a roller coaster year where we saw significant economic changes. PKR had plummeted against USD. Because of rising inflation, State Bank of Pakistan has opted monetary tightening. Consequently, Interest rate has been raised to new high of 13.25%. Continuous trade war between China and USA is impacting the global demand of yarn. However, with changing situations your Company could manage to well reciprocate with some adaptive strategies. Government policy of providing gas and electricity at competitive rates has helped in control of energy costs which also contributed towards better profitability.

Sales revenue for the year under review is Rs. 6,932,309,534 compared to Rs. 5,878,554,251 during the corresponding previous year showing an increase of 17.93% over the previous year. Increase in sales revenue is mainly due to combination of rupee depreciation against USD, increase in sales volume and better selling prices of yarn. Cost of sales decreased from 91.25% of sales during last year to 87.99% of sales during year under review. Incremental revenue and decrease in cost of sales resulted in increase in Gross Profit (GP) from 8.75% of sales during previous year to 12.01% of sales during the year under review.

Distribution costs increased from 1.64% of sales to 1.75% of sales this year. Administrative expenses slightly increased from 2.04% of sales of previous year to 2.09% of sales. Other expenses increased from 0.68% of sales of previous year to 0.77% of sales for the current year.

Overall operating expenses increased by 25.07% over the same period of last year. This increase is mainly due to rupee devaluations and inflationary pressures. Because of rising interest rates scenario, cost of short term borrowings has sharply increased. Resultantly, finance cost of the Company increased by 81.98% over the same period of last year and stood at Rs. 213,398,307 compared to Rs. 117,262,433.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2019-20, Kapas, (seed cotton) arrivals upto September 15, 2019, at the Ginneries totaled 1.852 million bales compared to 2.517 million bales for the year 2018-19 showing decrease in arrival of 26.41%.

Capital Assets Investment

During the year under review, Company is going through a major BMR project consisting of latest state of the art spinning machinery and energy efficient gas power gen sets. In line with strategic plans for achieving energy efficiency in power generation and enhancing spinning quality and efficiency, your Company is undergoing Rs. 1.90 billion investment project (2018: Rs. 65.373 million) in the Expansion, Balancing, Modernization, Replacement (BMR) of building, plant and machinery and related assets.

Future Prospects and Outlook

The financial year 2018-19 under review has been a satisfactorily profitable year. Economic uncertainty in the country coupled with aggregate demand reduction measures in the IMF program is likely to make the current year quite challenging for our Company. We may see shrinkage in product margins. Government has mandated rise in wages and salaries, rise in gas and electricity tariffs, significant rise in transportation costs, high finance costs due to very high interest rates, delays in sales tax and income tax refunds are some of the head winds that may affect profitability. Since end June 2019, the Pakistani rupee has appreciated against the USD resulting in slight reduction in rupee unit prices for yarn. However, the currencies of our competing countries are devaluing against the USD. This exchange rate movement may dilute the competitive advantage of Pakistan. Government has abolished sales tax zero rating regime from 1st July, 2019 onwards. This policy shift is likely to have far reaching consequences and is likely to result in a larger share of the market for the tax registered and formal manufacturers. It is hoped that the transition of the Pakistan economy from informal to formal sectors will benefit our Company. Product demand in local as well as in export markets is encouraging. Management is optimistic that the year of 2019-20 would remain reasonably profitable but may not be as lucrative as is the year under review.

It is hoped that the Government would bring in business friendly policies such as uninterrupted energy supplies in cost effective manner, refund of outstanding sales tax, income tax and DLTL so that stretched corporate cash flows can be eased out. Government policies should encourage the completion of the value chain in the textile sector so that the country can export finished products.

Dividend

The Board of Directors have recommended cash dividend @50% i.e. Rs. 5/= per ordinary share for the year ended June 30, 2019. The dividend will amount to Rs. 93,500,000.

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 receivables, 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.

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, 2019 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 by the Board of Directors.

Shareholding Pattern

The shareholding pattern as at June 30, 2019 for ordinary shares is annexed.

Appointment of Auditors

Messrs Deloitte Yousuf Adil, Chartered Accountants, Karachi are due to retire and being eligible, offer themselves for re-appointment as Auditors for the financial year 2019-20. 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 Deloitte Yousuf Adil, Chartered Accountants, the statutory external auditors of the Company.

Corporate Governance & Financial Reporting Framework

As required by the Code of Corporate Governance, Directors are pleased to report that:

a) The financial statements prepared by the management of the Company present fair state of the 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 have 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, 2019 except for those disclosed in the financial statements.

Composition of Board

Total number of Directors:

a)	Male:	9 (Nine)
b)	Female:	Exempted for current term

Composition:

(i)	Independent Directors:	2 (Two)
(ii)	Other Non-executive Directors	4 (Four)
(iii)	Executive Director	3 (Three)

Name of Directors

Mr. Shahzada Ellahi Shaikh	Chairman
Mr. Tajammal Husain Bokharee	
Mr. Shafiq ur Rehman	
Mr. Shafqat Ellahi Shaikh	
Mr. Raza Ellahi Shaikh	
Mr. Haroon Shahzada Ellahi Shaikh	
Mr. Shaukat Ellahi Shaikh	Director / Chief Executive Officer
Mr. Tariq Zafar Bajwa	
Mr. Munawar Iqbal	

*During the year, Mr. Javaid Bashir Sheikh resigned from the office of Director and Mr. Shafiq ur Rehman co-opted as Director in his place.

Committees of the Board:

The Board has made following sub-committees:

Audit Committee

Mr. Tajammal Husain Bokharee	Chairman
Mr. Shafqat Ellahi Shaikh	Member
Mr. Raza Ellahi Shaikh	Member

Human Resource and Remuneration (HR&R) Committee

Mr. Tajammal Husain Bokharee	Chairman
Mr. Raza Ellahi Shaikh	Member
Mr. Tariq Zafar Bajwa	Member

Executive Committee

Mr. Shafqat Ellahi Shaikh	Chairman
Mr. Shahzada Ellahi Shaikh	Member
Mr. Shaukat Ellahi Shaikh	Member
Mr. Raza 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

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

Shahzada Ellahi Shaikh
Chairman

September 26, 2019

NAGINA
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ممبران کے لیے مجلس نظماء کی رپورٹ

مجلس نظماء 30 جون 2019 کو ختم سال کے لئے کمپنی کی 52 ویں سالانہ رپورٹ معہ آڈٹ شدہ مالیاتی حسابات اور ان پر آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہی ہے۔ 30 جون 2018 کو ختم ہونے والے گزشتہ سال کے اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔

کمپنی کی کارکردگی

الحمدللہ آپ کی کمپنی نے گزشتہ سال کے دوران 158,202,496 روپے بعد از ٹیکس منافع کے مقابلے میں 328,519,662 روپے بعد از ٹیکس منافع حاصل کیا جو کہ 2.691 فیصد فروخت کے مقابلے میں 4.45 فیصد درج کیا ہے۔ فی شیئر آمدنی (EPS) گزشتہ سال کی 8.46 روپے کے مقابلے اس سال 16.50 روپے ہے۔ یہ ایک زبردست مالی سال تھا جس میں اہم معاشی تبدیلیاں رونما ہوئیں۔ پاکستانی روپیہ کی قدر میں ڈالر کے مقابلے میں کمی ہوئی اور افراط زر میں اضافہ ہوا۔ اسٹیٹ بینک آف پاکستان نے سخت مانیٹری پالیسی کا انتخاب کیا جس کے نتیجے میں شرح سود 13.25 فیصد کی بلند ترین سطح تک پہنچ گیا۔ چین اور امریکہ کے مابین مسلسل تجارتی جنگ یارن کی عالمی طلب کو متاثر کر رہی ہے۔ تاہم بدلتے ہوئے حالات کے ساتھ آپ کی کمپنی نے حسب ضرورت حکمت عملی اپنا کر بہتری سے مقابلہ کیا۔ بہتر نرخوں پر گیس اور بجلی فراہم کرنے کی حکومتی پالیسی نے توانائی کے اخراجات کو کنٹرول میں مدد کی ہے۔

زیر جائزہ سال کی فروخت کی آمدنی گزشتہ سال 5,873,554,251 روپے کے مقابلے 6,932,309,534 روپے ہے۔ جو گزشتہ سال سے 17.93 فیصد کا اضافہ ظاہر کر رہی ہے۔ فروخت کی آمدنی میں اضافہ امریکی ڈالر کے مقابلے روپیہ کی قدر میں کمی، فروخت حجم میں اضافہ اور یارن کی فروخت قیمتوں کے بہتر ہونے کی وجہ سے ہوا ہے۔ فروخت کی لاگت گزشتہ سال کے دوران فروخت کے 91.25 فیصد سے کم ہو کر زیر جائزہ سال کے دوران فروخت کے 87.99 فیصد تک ہوئی۔ آمدنی میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجہ میں مجموعی منافع (GP) میں گزشتہ سال کے دوران فروخت کا 8.75 فیصد سے بڑھ کر زیر جائزہ سال کے دوران فروخت کا 12.01 فیصد تک ہو گیا۔

اس سال تقسیم کے اخراجات فروخت کے 64.1 فیصد سے بڑھ کر فروخت کے 75.1 فیصد تک ہو گئے۔ انتظامی اخراجات گزشتہ سال فروخت کے 2.24 فیصد سے معمولی بڑھ کر فروخت کے 2.09 فیصد تک ہو گئے۔ دیگر اخراجات گزشتہ سال فروخت کے 0.68 فیصد سے بڑھ کر فروخت کے 0.77 فیصد تک ہو گئے۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت سے 25.07 فیصد سے زیادہ ہو گئے۔ اس اضافہ کی بڑی وجہ روپیہ کی قدر میں کمی اور افراط زر کا دباؤ ہے۔ شرح سود میں اضافہ کی وجہ سے مختصر مدتی قرضوں کی لاگت میں تیزی سے اضافہ ہوا ہے۔ جس کے نتیجے میں کمپنی کی مالیاتی لاگت گزشتہ سال کی اسی مدت سے 81.68 فیصد سے زیادہ ہوئی جو گزشتہ سال کے 117,26,433 روپے کے مقابلے 213,398,307 روپے رہی۔

پاکستان کاٹن جنرز ایسوسی ایشن کی طرف سے فصل سال 2019-20 کے لئے جاری کردہ اعداد و شمار کے مطابق 15 ستمبر 2019 تک جنرز کے پاس کپاس کی آمد (بی گیں کپاس) کی کل فصل سال 2018-19 کے لئے کل 2.517 ملین گانٹھوں کے مقابلے میں 1.852 ملین گانٹھیں 26.41 فیصد کمی کو ظاہر کر رہی ہے۔

طویل مدتی اثاثوں کی سرمایہ کاری

زیر جائزہ سال کے دوران کمپنی ایک جدید اسپننگ مشینری اور کم خرچ توانائی کے گیس پر جنریٹرز پلانٹ پر مشتمل BMR پروجیکٹ مکمل کر رہی ہے۔ موجودہ منصوبوں کے تحت بجلی کی پیداوار میں توانائی کی بچت اور اسپننگ کے معیار اور استعداد کار کو بڑھانے کے لئے آپ کی کمپنی نے پلانٹ اور مشینری اور اس سے وابستہ اثاثوں کی توسیع و ترمیم، جدت اور تبدیلی (BMR) میں 1.90 ملین روپے کی (2018: 65.373 ملین روپے) کی سرمایہ کاری کر رہی ہے۔

مستقبل کے امکانات

مالی سال 2018-19 سود اور منافع بخش سال رہا ہے۔ ملک میں معاشی غیر یقینی صورتحال اور اس کے ساتھ ہی ٹیکسٹائل پروڈکٹس میں عمومی طلب میں کمی کے لئے کیے گئے اقدامات کی وجہ سے موجودہ سال ہماری کمپنی کے لئے کافی مشکل رہا۔ ہم مصنوعات کے منافع میں کمی دیکھ سکتے ہیں۔ حکومت کی طرف سے جولائی اور اگست میں اضافہ کئے گئے بجلی کے نرخوں میں اضافے نقل و حمل کے اخراجات میں نمایاں اضافہ، بلند شرح سود کی وجہ سے مالی اخراجات میں اضافہ، سیلز ٹیکس اور انکم ٹیکس کی واپسی میں تاخیر جیسے عوامل ہیں جو منافع کو متاثر کر سکتے ہیں۔ جون 2019 کے آخر سے امریکی ڈالر کے مقابلے پاکستانی روپے کی قدر بہتر ہوئی جس کے نتیجے میں یارن کی قیمتوں میں معمولی کمی واقع ہوئی ہے۔ تاہم ہمارے حریف ممالک کی کرنسیاں بھی امریکی ڈالر کے مقابلے میں کم ہو رہی ہیں۔ یہ شرح تبادلہ

پاکستان کے مسابقتی فائدہ کو کم کر سکتی ہے۔ حکومت نے یکم جولائی 2019 سے سیلز ٹیکس زیرو ریٹنگ نظام منسوخ کر دیا ہے۔ اس پالیسی میں تبدیلی کے بہت دور رس نتائج برآمد ہوں گے اور اس کے نتیجے میں ٹیکس رجسٹرڈ اور باضابطہ صنعتکاروں کو مارکیٹ میں حصہ مل جائے گا۔ امید ہے کہ پاکستان کی معیشت کی غیر دستاویزی سے دستاویزی شعبے میں منتقلی سے صنعتی شعبے کو فائدہ ہوگا۔ مقامی اور درآمدی منڈیوں میں بھی مصنوعات کی طلب حوصلہ افزا ہے۔ انتظامیہ پر امید ہے کہ سال 2019-20 معقول حد تک منافع بخش رہے گا لیکن اتنا منافع بخش نہیں ہوگا جتنا کہ زیر جائزہ سال ہے۔

یہ امید کی جا رہی ہے کہ حکومت کاروبار میں آسانی پیدا کرنے کے لیے مؤثر اقدامات کرے گی جیسا کہ بجلی کی فراہمی، سیلز ٹیکس، انکم ٹیکس اور DLTL کے بقایاجات کی واپسی لائے گی تاکہ کاروبار کے نقدی بہاؤ کے تناؤ کو ختم کیا جا سکے۔ حکومتی پالیسیاں ٹیکسٹائل شعبے میں ویلیو ایڈیشن کی حوصلہ افزائی ہونی چاہئیں تاکہ ملک تیار مصنوعات برآمد کر سکے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2019 کو ختم ہونے والے سال کے لیے نقد منافع منقسمہ بشرح 30% یعنی 3 روپے فی حصص تجویز کی ہے۔ منافع منقسمہ کی رقم کل 93,500,000 ہوگی۔

نمایاں سرگرمی

کمپنی کی نمایاں سرگرمی یارن کی تیاری اور فروخت کرنا ہے۔

نمایاں خطرات اور غیر یقینی

بورڈ آف ڈائریکٹرز کمپنی کے درپیش تمام خطرات اور غیر یقینی صورتحال کی نشاندہی اور ان کے سدباب کے لیے مؤثر حکمت عملی وضع کرنے کے ذمہ دار ہیں۔

کمپنی کی اصل مالی واجبات میں طویل مدتی قرضے، تجارتی اور دیگر ادائیگیاں اور مختصر مدتی قرضے شامل ہیں۔ ان مالی واجبات کا اہم مقصد کمپنی کے آپریشنز کے لیے فنانس کا بندوبست کرنا ہے۔ کمپنی کے اصل مالیاتی اثاثوں میں تجارتی وصولی، سرمایہ کاری، طویل مدتی ڈپازٹس، دیگر وصولیاں اور نقدی اور بینک بیلنس شامل ہیں جو اس کے آپریشنز سے براہ راست حاصل ہوتے ہیں۔

کمپنی کی سرگرمیاں کئی قسم کے مالیاتی خطرات کا سامنا کرتی ہیں جس میں مارکیٹ خطرہ (بشمول کرنسی خطرہ، شرح سود کا خطرہ اور قیمت کا خطرہ)، ادھار کا خطرہ اور نقدی بہاؤ خطرہ شامل ہے۔

کمپنی کا مجموعی رسک مینجمنٹ پروگرام مالیاتی مارکیٹوں کی غیر متوقعات پر توجہ 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 تبدیلیاں اور معاہدات رونما نہیں ہوئے۔

کاروباری سماجی ذمہ داری

کمپنی اپنے کاروبار میں کاروباری سماجی ذمہ داری کے اصولوں پر پختہ یقین رکھتی ہے، اور وہ کمیونٹیز جو ہمارے کاروبار سے براہ راست یا بالواسطہ طور پر متاثر ہوتی ہیں، ان کی ترقی کے لیے مسلسل کوشاں ہیں۔

ماحول، صحت اور تحفظ

کمپنی اپنے ملازمین اور عوام کی صحت کو درپیش خطرات سے بچنے کے لیے محفوظ کام کے حالات کو برقرار رکھتی ہے۔ انتظامیہ نے سال بھر اپنے تمام مقامات میں محفوظ ماحول کو برقرار رکھا ہے اور مسلسل ان کی حفاظت اور زندگی کی بہتری کو یقینی بنا رہی ہے۔

مشینری اور سامان 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 کیے گئے ہیں۔ آگ سے بچاؤ کے آلات کی کارکردگی کو یقینی بنانے کے لیے باقاعدہ مشقیں کی جاتی ہیں۔

اندرونی مالیاتی کنٹرول

بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے تمام شعبوں پر مشتمل اندرونی کنٹرول کا ایک نظام قائم اور نافذ کیا گیا ہے۔ اندرونی کنٹرول کا نظام کمپنی کے مقاصد، بشمول آپریشنل مؤثرگی اور کارکردگی کے حصول، قابل اعتماد مالیاتی رپورٹنگ، قوانین اور ضوابط اور پالیسیوں کی تعمیل کو یقینی بنانے کے لیے ڈیزائن میں مستحکم ہے۔

متعلقہ پارٹیاں

30 جون 2019 کو ختم ہونے والے مالی سال کے دوران تمام متعلقہ پارٹی کے ساتھ لین دین کا آڈٹ کمیٹی نے جائزہ لیا اور بورڈ آف ڈائریکٹرز کی طرف سے منظوری دی گئی ہے۔ تمام متعلقہ پارٹیوں کے ساتھ لین دین بورڈ آف ڈائریکٹرز سے منظور شدہ منتقلی قیمتوں کے طریقہ کے مطابق تھے۔

نمونہ حصص داری

30 جون 2019 کے مطابق شیئر ہولڈرز کے لئے نمونہ حصص داری منسلک کیا گیا ہے۔

آڈیٹرز کی تقرری

ریٹائر ہونے والے میسرز Deloitte یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنا پر مالی سال 2019-20 کے لئے بحیثیت آڈیٹرز دوبارہ تقرری کے لئے اپنے آپ کو پیش کیا ہے۔ آڈٹ کمیٹی نے موجودہ آڈیٹرز کی دوبارہ تقرری کی منظوری دے دی ہے۔

مالیاتی حسابات کا آڈٹ

کمپنی کے مالی حسابات، کمپنی کے قانونی ایکسٹرنل آڈیٹرز، میسرز Deloitte یوسف عادل، چارٹرڈ اکاؤنٹنٹس کی طرف سے کسی کوالیفیکیشن کے بغیر نظر ثانی شدہ ہیں۔

کاروباری نظام اور مالیاتی رپورٹنگ کا طریقہ کار

کوڈ آف کارپوریٹ گورننس کے تحت ڈائریکٹرز خوشی بیان کرتے ہیں کہ

a۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات میں کمپنی کے امور، نقدی بہاؤ اور سرمایے میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

b۔ کمپنی کے کھاتہ جات باقاعدہ صحیح طور سے بنائے گئے ہیں۔

c۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ 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 رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

g۔ گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

h۔ ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو 30 جون 2019 کو بقایا ہوں سوائے ان کے جو مالی حسابات میں ظاہر کر دیے گئے ہیں۔

بورڈ کی ترتیب

ڈائریکٹرز کی کل تعداد:

a) مرد 9 (نو)

b) خاتون موجود وقت میں منتخب

ترتیب:

i۔ آزاد ڈائریکٹرز	2 (دو)
ii۔ دیگر نان ایگزیکٹو ڈائریکٹرز	4 (چار)
iii۔ ایگزیکٹو ڈائریکٹرز	3 (تین)

ڈائریکٹرز کے نام

جناب شہزادہ الٰہی شیخ	چیئرمین
جناب تجمل حسین بخاری	
جناب مشتاق الرحمن	
جناب شفقت الٰہی شیخ	
جناب رضا الٰہی شیخ	
جناب ہارون شہزادہ الٰہی شیخ	
جناب ثروت الٰہی شیخ	ڈائریکٹر/چیف ایگزیکٹو آفیسر
جناب طارق ظفر باجوہ	
جناب منور اقبال	

• سال کے دوران، جناب جاوید شیخ ڈائریکٹر کے عہدے سے مستعفی ہو گئے اور ان کی جگہ جناب مشتاق الرحمن کو ڈائریکٹر مقرر کیا گیا۔

بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں

• آڈٹ کمیٹی

جناب تجمل حسین بخاری	چیئرمین
جناب شفقت الٰہی شیخ	رکن
جناب رضا الٰہی شیخ	رکن

• ہیومن ریسورس اینڈ ریمونریشن (HR&R) کمیٹی

جناب تجمل حسین بخاری	چیئرمین
جناب رضا الٰہی شیخ	رکن
جناب طارق ظفر باجوہ	رکن

• ایگزیکٹو کمیٹی

جناب شفقت الٰہی شیخ	چیئرمین
جناب شہزادہ الٰہی شیخ	رکن
جناب ثروت الٰہی شیخ	رکن
جناب رضا الٰہی شیخ	رکن

ڈائریکٹرز کے معاوضے کی نمایاں خصوصیات

بورڈ آف ڈائریکٹرز نے کمپنی کے امور میں ان کی ذمہ داری پر منحصر ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کے لئے باضابطہ پالیسی کی منظوری دی ہے۔ معاوضہ کامیابی سے کمپنی کو منظم طریقے سے چلانے کے لئے ان کی ذمہ داری اور ضروری مہارت اور ان سے مطلوبہ اضافی توجہ اور وقت کی سطح کے مطابق ہے۔

آزاد ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز فقط بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے اہل ہیں۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کا معاوضہ ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی سفارشات پر بورڈ کی طرف سے منظور کیا گیا ہے۔

اظہارِ تشکر

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

منجانب بورڈ

شوکت الٰہی شیخ	شہزاد الٰہی شیخ
مینیجنگ ڈائریکٹر (چیف ایگزیکٹو)	چیئرمین

لاہور: 26 ستمبر 2019

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 FOR THE YEAR ENDED JUNE 30, 2019

The Company has complied with the requirements of the Regulations in the following manner:

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

   a) Male: Nine
   b) Female: Nil (Exempted for current term)

2. The composition of the Board of Directors is as follows:

Category	Names
a) Independent Director	Mr. Tajammal Husain Bokharee Mr. Shafiq ur Rehman
b) Other Non-Executive Directors	Mr. Shahzada Ellahi Shaikh Mr. Shafqat Ellahi Shaikh Mr. Raza Ellahi Shaikh Mr. Haroon Shahzada Ellahi Shaikh
c) Executive Directors	Mr. Shaukat Ellahi Shaikh Mr. Tariq Zafar Bajwa Mr. Munawar Iqbal

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 regards to their Directors' Training Program (DTP). Out of total of nine directors, seven directors have obtained certification under DTP and two Directors are exempt from training program under the criteria 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. Tajammal Husain Bokharee, Chairman
       Mr. Shafqat Ellahi Shaikh, Member
       Mr. Raza Ellahi Shaikh, Member

    b. Human Resource and Remuneration (HR & R) Committee

       Mr. Tajammal Husain Bokharee, Chairman
       Mr. Raza Ellahi Shaikh, Memebr
       Mr. Tariq Zafar Bajwa, 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 were held during the financial year ended June 30, 2019.

    b) Human Resource and Remuneration (HR & R) Committee: One meeting was during the financial year ended June 30, 2019.

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

September 26, 2019	**Shaukat Ellahi Shaikh** Mg. Director (Chief Executive)	**Shahzada Ellahi Shaikh** Chairman

SHAREHOLDERS' INFORMATION

Annual General Meeting

The 52nd Annual General Meeting of NAGINA COTTON MILLS LTD. will be held at the Registered Office of the Company, 2nd Floor, Shaikh Sultan Trust Bldg. No.2, 26, Civil Lines, Beaumont Road, Karachi – 75530 on Monday, October 28, 2019 at 09:15 a.m.

Eligible shareholders are encouraged to participate and vote.

Ownership

On June 30, 2019, the Company has 934 Shareholders.

Web Reference

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

Dividend

The Board of Directors in its meeting held on September 26, 2019 has recommended, payment of final cash dividend at the rate of Rs.5/= per share i.e. 50% for the year ended June 30, 2019.

Book Closure

The register of the members and shares transfer books of the Company will remain closed from October 22, 2019 to October 28, 2019 (both days inclusive).

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulation 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants. Therefore, shareholders are requested to 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):

Detail of Bank Mandate	
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).
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 been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP), vide its 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 directly to the Share Registrar:

M/s Hameed Majeed Associates (Pvt.) Ltd.
5th Floor, Karachi Chambers,
Hasrat Mohani Road,
Karachi
Ph # (+92-21) 32412754, 32424826
Fax # (+92-21) 32424835

In order to comply with the SECP's directives and in terms of Section 243(2)(a) of the Companies Act, 2017, the Company shall be constrained to withhold the payment of Dividend, in case of non-availability of a copy of valid CNIC (for individuals) and National Tax Number (for corporate entities).

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

1. Pursuant to the provisions of the Finance Act, 2019 effective from July, 01 2019, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

   (i) Rate of Withholding Income Tax deduction for the persons whose names are appearing on ATL. 15%
   (ii) Rate of Withholding Income Tax deduction for the persons whose names are not appearing on ATL. 30%

   To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not appearing on Active Taxpayers' List (ATL) available on the website of FBR are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

2. Withholding tax will be determined separately on 'persons names appearing on ATL/persons names not appearing on ATL' 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).

3. 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, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi. The Shareholders while sending the Zakat Declarations must quote company name and their respective Folio Nos and /or CDC A/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,
Nagina cotton Mills Ltd., 2nd Floor, Shaikh Sultan Trust Building, No. 2, 26-Civil Lines, Beaumont Road, Karachi.

E-mail address: mohsin.gilani@nagina.com
or
M/s. Hameed Majeed Associates (Pvt.) Ltd.
5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi
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.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi for collection of their unclaimed shares / unpaid dividend which they have not received due to any reasons

NAGINA
NAGINA GROUP

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2019
CUIN (INCORPORATION NUMBER) 0002500

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
411	1	100	13,037
275	101	500	79,298
65	501	1,000	52,923
120	1,001	5,000	288,800
26	5,001	10,000	179,786
9	10,001	15,000	113,755
6	15,001	20,000	110,045
3	20,001	25,000	62,700
1	25,001	30,000	26,000
3	30,001	35,000	96,781
-	35,001	45,000	-
1	45,001	50,000	50,000
-	50,001	60,000	-
1	60,001	65,000	62,500
-	65,001	115,000	-
1	115,001	120,000	118,736
-	120,001	150,000	-
1	150,001	155,000	153,451
-	155,001	315,000	-
1	315,001	320,000	318,658
-	320,001	695,000	-
2	695,001	700,000	1,400,000
-	700,001	1,015,000	-
3	1,015,001	1,020,000	3,051,542
-	1,020,001	1,395,000	-
1	1,395,001	1,400,000	1,400,000
1	1,400,001	1,405,000	1,400,500
-	1,405,001	3,225,000	-
2	3,225,001	3,230,000	6,454,419
-	3,230,001	3,265,000	-
1	3,265,001	3,270,000	3,267,069
934	**Total:-**		**18,700,000**

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2019

Sr #	Categories of Shareholders	Shares Held	Percentage
1)	**Directors, Chief Executive Officer, and their Spouse and Minor Children**		
i)	MR. SHAHZADA ELLAHI SHAIKH	3,227,350	17.26
ii)	MR. SHAUKAT ELLAHI SHAIKH	3,267,069	17.47
iii)	MR. SHAFQAT ELLAHI SHAIKH	3,227,069	17.26
iv)	MRS. HUMERA SHAHZADA ELLAHI SHEIKH	4,248	0.02
v)	MRS. MONA SHAUKAT SHAIKH	4,248	0.02
vi)	MRS. SHAISTA SHAFQAT	4,248	0.02
vii)	MR. RAZA ELLAHI SHAIKH	1,400,500	7.49
viii)	MR. HAROON SHAHZADA ELLAHI SHAIKH	700,000	3.75
ix)	MR. TAJAMMAL HUSAIN BOKHAREE	502	0.00
x)	MR. SHAFIQ UR REHMAN	500	0.00
xi)	MR. TARIQ ZAFAR BAJWA	501	0.00
xii)	MR. MUNAWAR IQBAL	2	0.00
		11,836,237	**63.29**
2)	**Associated Companies, Undertakings and Related Parties**		
i)	HAROON OMER (PVT) LIMITED	1,017,147	5.44
ii)	MONELL (PVT) LIMITED	1,017,147	5.44
iii)	ICARO (PVT) LIMITED	1,017,248	5.44
iv)	ELLAHI INTERNATIONAL (PVT) LIMITED	9,000	0.05
		3,060,542	**16.37**
3)	**NIT and ICP**	**1,430**	**0.01**
4)	**Banks, Development Finance Institutions, Non Banking Finance Institutions**		
i)	NATIONAL DEVE. FINANCE CORP.	5,560	0.03
ii)	ESCORTS INVESTMENT BANK LIMITED	30	0.00
		5,590	**0.03**
5)	**Insurance Companies**	**318,658**	**1.70**
6)	**Modarabas and Mutual Funds**	**Nil**	**Nil**
7)	**Shareholders Holding 10% or more**		
i)	MR. SHAUKAT ELLAHI SHAIKH	3,267,069	17.47
ii)	MR, SHAHZADA ELLAHI SHAIKH	3,227,350	17.26
iii)	MR. SHAFQAT ELLAHI SHAIKH	3,227,069	17.26
		9,721,488	**51.99**
8)	**General Public**		
i)	a. Local	3,411,905	18.25
ii)	b. Foreign	-	-
9)	**Others (Joint Stock Companies)**	**65,638**	**0.35**

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KEY FINANCIAL INFORMATION

		YEAR ENDED 30TH JUNE					
		2019	**2018**	**2017**	**2016**	**2015**	**2014**
Sales	Rs.'000	**6,932,310**	5,878,554	5,242,033	4,267,869	4,208,114	4,569,161
Gross profit	Rs.'000	**832,426**	514,147	353,294	151,481	389,233	566,856
Operating profit	Rs.'000	**574,525**	340,819	175,288	1,975	217,991	360,207
Profit / (loss) before tax	Rs.'000	**361,126**	223,557	110,886	(64,422)	148,032	270,460
Profit / (loss) after tax	Rs.'000	**308,620**	158,202	78,428	(92,945)	133,689	253,833
Share capital - paid up	Rs.'000	**187,000**	187,000	187,000	187,000	187,000	187,000
Shareholders' equity	Rs.'000	**2,023,913**	1,866,874	1,756,209	1,717,735	1,870,217	1,842,813
Total assets	Rs.'000	**5,816,796**	4,931,736	3,657,194	3,057,405	2,768,308	2,883,654
Earnings / (loss) per share - pre tax	Rs.	**19.31**	11.95	5.93	(3.45)	7.92	14.46
Earnings / (loss) per share - after tax	Rs.	**16.50**	8.46	4.19	(4.97)	7.15	13.57
Cash Dividend per share	Rs.	**5.00**	4.00	3.00	1.00	3.50	6.00
Market value per share as on 30 June	Rs.	**41.85**	39.90	42.65	45.51	63.00	69.01
Gross profit to sales	%	**12.01**	8.75	6.74	3.55	9.25	12.41
Operating profit to sales	%	**8.29**	5.80	3.34	0.05	5.18	7.88
Profit / (Loss) before tax to sales	%	**5.21**	3.80	2.12	(1.51)	3.52	5.92
Profit / (Loss) after tax to sales	%	**4.45**	2.69	1.50	(2.18)	3.18	5.56
Current ratio		**1.42: 1**	1.51 : 1	2.04 : 1	2.53:1	3.46:1	3.21:1
Total debt to total assets ratio	%	**65.21**	62.15	51.98	43.82	32.44	36.09
Debt equity ratio	%	**36.80**	30.19	34.02	29.38	20.09	22.47

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NAGINA COTTON 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 **Nagina Cotton Mills Limited** (the Company) for the year ended June 30, 2019 in accordance with the requirements of Regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We 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, 2019.

Deloitte Yousuf Adil
Chartered Accountants
Place: Karachi
Date: September 27, 2019

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NAGINA COTTON MILLS LIMITED

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit or loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	**Revenue from Contracts with Customers**	**Our audit procedures to address the Key Audit Matter included the following:**
	Effective July 1, 2018, the Company changed its accounting policy due to the mandatory application of IFRS 15 which supersedes the requirements of IAS 18 "Revenue". IFRS 15 introduces a new five step model for recognition of revenue which is primarily based on the transfer of control to the customers, which was analysed by Management to identify the changes required to be made to existing accounting policies and to determine if any changes are required particularly in connection with the separation of different performance obligations that may exist. Management also assessed the additional disclosures required to be made by the new accounting standards in the financial statements. Due to the adoption of policies of revenue recognition as a result of the new accounting standard and revenue being one of the key performance indicators of the Company we have identified this as a key audit matter. Refer notes 3.1.1, 3.16 and note 25 to the financial statements.	• Considered the appropriateness of revenue recognition policy and compared it with the applicable accounting standards. • obtaining an understanding of and assessing the design, implementation and operating effectiveness of controls around recognition of revenue; • Checked on sample basis relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria as introduced by IFRS 15; and • Testing timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents and by checking significant credit notes issued after year-end. • Evaluated the adequacy and appropriateness of disclosures made in the financial statements in relation to adoption of the new accounting standard.

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 users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Deloitte Yousuf Adil
Chartered Accountants

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

Deloitte Yousuf Adil

Chartered Accountants

Place: Karachi
Date: September 27, 2019

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
50,000,000 (2018: 50,000,000) ordinary shares of Rs. 10/- each		**500,000,000**	500,000,000
Issued, subscribed and paid-up capital	5	**187,000,000**	187,000,000
Capital reserves	6	**199,466,200**	256,295,112
Revenue reserve		**1,637,446,859**	1,423,578,516
TOTAL EQUITY		**2,023,913,059**	1,866,873,628
LIABILITIES			
NON CURRENT LIABILITIES			
Long term finances	7	**1,019,058,577**	662,535,029
Deferred liabilities	8	**118,839,945**	100,092,922
		1,137,898,522	762,627,951
CURRENT LIABILITIES			
Trade and other payables	9	**992,448,149**	763,784,280
Unclaimed dividend		**7,293,599**	6,488,295
Accrued interest/mark-up	10	**52,022,463**	25,083,754
Short-term borrowings	11	**1,443,682,458**	1,361,933,897
Current portion of long-term finances	7	**159,538,235**	144,944,679
		2,654,984,904	2,302,234,905
TOTAL LIABILITIES		**3,792,883,426**	3,064,862,856
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		**5,816,796,485**	4,931,736,484

The annexed notes from 1 to 45 form an integral part of these financial statements.

September 26, 2019

Shahzada Ellahi Shaikh
Chairman

Tariq Zafar Bajwa
Chief Financial Officer

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	13	**2,019,054,724**	1,436,505,899
Investment properties	14	**13,981,207**	14,240,641
Intangible assets	15	**1,591,356**	2,421,630
Long-term deposits		**1,069,258**	1,069,258
Sales tax refund bonds	16	**19,542,877**	-
		2,055,239,422	1,454,237,428
CURRENT ASSETS			
Stores and spares	17	**32,701,494**	36,872,219
Stock-in-trade	18	**1,199,645,565**	1,233,516,051
Trade receivables	19	**1,636,329,352**	953,738,074
Loans and advances	20	**202,228,041**	155,167,320
Prepayments	21	**2,990,165**	3,733,580
Other receivables	22	**18,940,006**	67,488,006
Sales tax refundable		**75,016,697**	58,024,607
Other financial assets	23	**440,510,198**	446,870,005
Cash and bank balances	24	**153,195,545**	522,089,194
		3,761,557,063	3,477,499,056
TOTAL ASSETS		**5,816,796,485**	4,931,736,484

The annexed notes from 1 to 45 form an integral part of these financial statements.

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Sales - net	25	**6,932,309,534**	5,878,554,251
Cost of goods sold	26	**(6,099,883,365)**	(5,364,407,671)
Gross profit		**832,426,169**	514,146,580
Distribution cost	27	**(121,652,595)**	(96,267,909)
Administrative expenses	28	**(144,912,888)**	(119,896,235)
Other expenses	29	**(53,713,161)**	(39,905,834)
		(320,278,644)	(256,069,978)
Other income	30	**62,377,074**	82,742,832
Operating profit		**574,524,599**	340,819,434
Finance cost	31	**(213,398,307)**	(117,262,433)
Profit before taxation		**361,126,292**	223,557,001
Provision for taxation	32	**(52,506,630)**	(65,354,505)
Profit after taxation		**308,619,662**	158,202,496
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss.			
Remeasurement of defined benefit liability	8	**(9,871,506)**	(9,672,720)
Unrealised loss on remeasurement of investments classified as fair value through other comprehensive income	23.7	**(66,908,725)**	-
Transfer of unrealised loss due to impairment of investments in equity securities		**-**	23,337,162
Items that are or may be reclassified subsequently to profit or loss			
Unrealised loss on remeasurement of available for sale investments		**-**	(5,102,034)
Other comprehensive (loss) / income for the year		**(76,780,231)**	8,562,408
Total comprehensive income for the year		**231,839,431**	166,764,904
Earnings per share - basic and diluted	33	**16.50**	8.46

The annexed notes from 1 to 45 form an integral part of these financial statements.

September 26, 2019	**Shahzada Ellahi Shaikh** Chairman	**Tariq Zafar Bajwa** Chief Financial Officer	**Shaukat Ellahi Shaikh** Mg. Director (Chief Executive)

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

		Note	2019 Rupees	2018 Rupees
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Cash generated from / (used in) operations	34	**336,595,659**	(313,222,221)
	Payments made:			
	Employees retirement benefits		**(21,711,902)**	(17,758,673)
	Finance cost		**(186,459,598)**	(100,420,121)
	Income tax		**(92,130,664)**	(52,324,602)
	Net cash generated from / (used in) operating activities	A	**36,293,495**	(483,725,617)
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Purchase of property, plant and equipment		**(754,249,833)**	(54,908,416)
	Proceeds from disposal of property, plant and equipment		**18,201,668**	11,532,000
	Purchase of other financial assets		**(191,074,574)**	(117,730,540)
	Proceeds from sale of other financial assets		**103,959,697**	194,336,594
	Rental income received		**23,556,696**	21,887,114
	Dividend received		**35,048,233**	30,633,815
	Investment in sales tax refund bonds		**(19,500,000)**	-
	Net cash (used in) / generated from investing activities	B	**(784,058,113)**	85,750,567
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Long-term finances obtained		**513,229,619**	15,099,000
	Repayment of long-term finances		**(142,112,515)**	(112,958,403)
	Net (decrease) / increase in short-term borrowings excluding running finance		**(600,000,000)**	336,100,572
	Dividend paid		**(73,994,696)**	(55,832,570)
	Net cash (used in) / generated from financing activities	C	**(302,877,592)**	182,408,599
	Net decrease in cash and cash equivalents	(A+B+C)	**(1,050,642,210)**	(215,566,451)
	Cash and cash equivalents at beginning of the year		**(239,844,703)**	(24,278,252)
	Cash and cash equivalents at end of the year		**(1,290,486,913)**	(239,844,703)
	Cash and cash equivalents			
	Cash and bank balances	24	**53,195,545**	321,975,769
	Term Deposit Receipts	24	**100,000,000**	200,113,425
	Short-term running finances	11	**(1,443,682,458)**	(761,933,897)
			(1,290,486,913)	(239,844,703)

The annexed notes from 1 to 45 form an integral part of these financial statements.

September 26, 2019	**Shahzada Ellahi Shaikh** Chairman	**Tariq Zafar Bajwa** Chief Financial Officer	**Shaukat Ellahi Shaikh** Mg. Director (Chief Executive)

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

	Issued, subscribed and paid up capital	Capital reserves				Revenue reserve	Total
		Amalgamation reserve Note 6.2	Capital redemption reserve Note 6.1	Reserves for the investments carried at fair value through other comprehensive income	(Deficit) / surplus on revaluation of available for sale investment	Unappropriated Profit	
	------	------	------	---Rupees---	------	------	------
Balance at June 30, 2017	187,000,000	12,104,417	241,860,000	-	(15,904,433)	1,331,148,740	1,756,208,724
Comprehensive income							
Profit after taxation	-	-	-	-	-	158,202,496	158,202,496
Other comprehensive income Net of impairment unrealised gain on available for sale investments	-	-	-	-	18,235,128	-	18,235,128
Remeasurement of defined benefit liability	-	-	-	-	-	(9,672,720)	(9,672,720)
Total comprehensive income for the year	-	-	-	-	18,235,128	148,529,776	166,764,904
Transactions with owners:							
Final dividend for the year ended June 30, 2017 @ 30% i.e. Rs. 3 per ordinary share	-	-	-	-	-	(56,100,000)	(56,100,000)
Balance at June 30, 2018	**187,000,000**	**12,104,417**	**241,860,000**	-	**2,330,695**	**1,423,578,516**	**1,866,873,628**
Effect of change in accounting policy as mentioned in Note 3.1.2.(i)	-	-	-	12,410,508	(2,330,695)	(10,079,813)	-
Comprehensive income							
Profit after taxation	-	-	-	-	-	**308,619,662**	**308,619,662**
Other comprehensive income							
Unrealised loss on remeasurement of investments classified as fair value through other comprehensive income	-	-	-	**(66,908,725)**	-	-	**(66,908,725)**
Remeasurement of defined benefit liability	-	-	-	-	-	**(9,871,506)**	**(9,871,506)**
Total comprehensive (loss) / income for the year	-	-	-	**(66,908,725)**	-	**298,748,156**	**231,839,431**
Final dividend for the year ended June 30, 2018 @ 40% i.e. Rs. 4 per ordinary share	-	-	-	-	-	**(74,800,000)**	**(74,800,000)**
Balance at June 30, 2019	**187,000,000**	**12,104,417**	**241,860,000**	**(54,498,217)**	-	**1,637,446,859**	**2,023,913,059**

The annexed notes from 1 to 45 form an integral part of these financial statements.

September 26, 2019

Shahzada Ellahi Shaikh
Chairman

Tariq Zafar Bajwa
Chief Financial Officer

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

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

1. LEGAL STATUS AND OPERATIONS

1.1 Nagina Cotton Mills Limited (the Company) was incorporated in Pakistan on May 16, 1967 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The principal business of the Company is to manufacture and sale of yarn. The Company's manufacturing facilities are located in Kotri Industrial Trading Estate in the province of Sindh, measuring area of 20.75 acres.

Following is the geographical location and address of all business units of the Company:

Head Office:
2nd floor, Shaikh Sultan Trust Building No.2, 26-Civil Lines, Beaumont Road, Karachi -75530, in the province of Sindh.

Manufacturing facility:
A-16, National Highway, Aminabad, S.I.T.E Kotri, in the province of Sindh.

Liaison Office:
Nagina House 91 – B-1, M.M. Alam Road, Gulberg-III, Lahore-54660, 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;and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for staff retirement benefits at present value, and certain financial instruments at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Changes in accounting standards and interpretations

2.4.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures, except for as disclosed in note 3.1 to these financial statements.

Amendments / Interpretation	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018

	Effective from accounting period beginning on or after:
IFRS 9 'Financial Instruments' - This standard superseded IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 15 'Revenue from contracts with customers' - This standard superseded IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

2.4.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / amendments and interpretations	**Effective from accounting period beginning on or after:**
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

The above standards and amendments are not expected to have any material impact on the company financial statements in the period of initial application of except for IFRS 16 - Leases. The Company is currently evaluating the impact of the said standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as mentioned in note 3.1 below, the significant accounting policies applied in the preparation of these financial statement have been consistently applied to all the years presented.

3.1 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contract with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

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

3.1.1 IFRS 15 'Revenue from Contract with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than solely based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 Revenue, IAS 11 "Construction Contracts" and the number of revenue related interpretations. The changes laid down by this standard do not have any significant impact on these financial statements of the Company.

The Company manufactures and contracts with customers for the sale of yarn which generally include single performance obligation. The management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company.

3.1.2 IFRS 9 'Financial Instruments'

IFRS 9 - Financial Instruments (IFRS 9) replaced the majority of IAS 39 - Financial Instruments: Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities and requires all fair value movements on equity investments to be recognised either in the profit or loss or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

The Company has adopted IFRS 9 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. There is no impact of adoption of IFRS 9 on opening equity of the Company.

The impact of the adoption of IFRS 9 has been in the following areas:

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

There is no significant impact of IFRS 9 on the classification and measurement of financial assets for the year ended June 30, 2019 other than as follows:

- loans and receivables are classified under the category of amortised cost. Under IFRS 9, the classification of financial assets is based on the objective of the entity’s business model.

Equity investments in listed equity securities and mutual fund units which were classified as AFS are now classified as FVTOCI being held as strategic investments.

Equity investments in listed equity securities and mutual fund units held in Specially Managed Accounts (SMA) which were classified as AFS are now classified as FVTPL being held for trading investments.

Equity instruments previously classified as available for sale (AFS)

Assets with fair value of PKR 327,644,703 have been reclassified from AFS to FVTOCI and the opening balance of unrealized fair value gain of reclassification as per IFRS 9 of PKR 12,410,508 were reclassified from (deficit) / surplus reserves of AFS investments to FVTOCI reserve on July 1, 2018. Further, assets with fair value of PKR 119,225,302 have been reclassified from AFS to FVTPL and the opening balance of unrealized fair value loss of PKR 10,079,813 were reclassified from (deficit) / surplus reserves of AFS investment to unappropriated profits.

On the date of initial application, the financial instruments of the company were as follows:

Financial liabilities are not recognised unless one party has performed its part of the contract. A significant change introduced by IFRS 9 in classification and measurement of financial liabilities relates to accounting for changes in the fair value of financial liabilities designated at FVTPL attributable to credit risk of issue.

Disclosures in relation to the initial application of IFRS 9

The table below shows impact of change in accounting policies due to adoption of IFRS 9:

Financial assets and financial liabilities	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
			------------------------------Rupees	------------------------------	
Financial assets					
Long term deposits	LR	AC	1,069,258	1,069,258	-
Trade receivables	LR	AC	953,738,074	953,738,074	-
Loans and advances	LR	AC	166,049	166,049	-
Other receivables	LR	AC	3,229,506	3,229,506	-
Other financial asset	AFS	FVTOCI	446,870,005	327,644,703	-
Other financial asset	AFS	FVTPL	-	119,225,302	10,079,813
Bank balances	LR	AC	522,086,846	522,086,846	-
Financial liabilities					
Long-term finances	HTM	AC	807,479,708	807,479,708	-
Short-term borrowings	OFL	AC	1,361,933,897	1,361,933,897	-
Trade and other payables	OFL	AC	687,073,461	687,073,461	-
Unclaimed dividend	OFL	AC	6,488,295	6,488,295	-
Accrued interest / mark-up	OFL	AC	25,083,754	25,083,754	-

- "LR" is loans and receivables
- "AC" is amortised cost
- "HTM" is held to maturity
- "OFL" is other financial liabilities
- "AFS" is available for sale
- "FVTOCI" is fair value through other comprehensive income

(ii) Impairment of financial assets

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

The company has trade receivables, loans and advances, other receivables, sales tax refundable, sales tax refund bonds, bank balances on which the Company had to revise its impairment methodology.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. Impairment losses related to trade receivables, are presented separately in the statement of profit or loss. Trade receivables are written off when there is no reasonable expectation of recovery. Given the Company's experience of collection history and historical loss rates and normal receivable aging, the move from an incurred loss model to an expected loss model has not had a material impact on the financial position and / or financial performance of the Company.

(iii) Accounting policies applied until June 30, 2018

The Company has adopted IFRS 9 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. There is no material impact of adoption of IFRS 9 on the financial statement of the Company, based on the working carried out by the management.

Investments and other financial assets

Regular way purchase or sale of investments

All purchases and sales of investments are recognised using trade date accounting. Trade date is the date on which the Company commits to purchase or sell the investment.

Investment at fair value through profit or loss

These are investments designated at fair value through profit or loss at inception or held for trading. These are initially measured at fair value and changes on re-measurement are taken to statement of profit or loss and other comprehensive income.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss and other comprehensive income upon initial recognition if:

* such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

* the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's risk management; or

* it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through statement of profit or loss and other comprehensive income.

Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available for sale. After initial recognition, investments which are classified as available for sale are measured at fair value. Gains or losses on available for sale investment are recognized directly in other comprehensive income until the investment is sold, derecognized or is determined to be impaired, then the cumulative gain or loss previously reported in other comprehensive income is included in statement of profit or loss and other comprehensive income. These are sub-categorized as follows:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market at the close of business on the reporting date.

Un-quoted

Investments in unquoted equity instruments are stated at cost less any identified impairment losses.

Held-to-maturity

Held-to-maturity Investments are initially recognized at acquisition cost, which includes transaction cost associated with the investment. Subsequently these are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Loans and receivables

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

Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.2 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the statement of profit or loss and other comprehensive income, unless they are directly attributable to qualifying assets.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

In the context of sale and leaseback transactions, where a sale and leaseback transaction is classified as a finance lease, any excess of the sale proceeds over the carrying values is deferred and recognized in profit or loss over the lease term. Any loss representing the excess of the carrying values over the sale proceeds is recognized immediately in the statement of profit or loss and other comprehensive income.

3.3 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost using the effective interest method.

3.4 Provisions

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

3.5 Property, plant and equipment

Owned

Property, plant and equipment except freehold land, lease hold land and capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land, lease hold land and capital work in progress are stated at cost, less impairment if any.

Assets' residual values and their useful lives are reviewed and adjusted at each reporting date, if significant.

Depreciation is charged to income applying the reducing balance method at the rates specified in the note 13.1. Depreciation on all additions is charged from the month on which the asset is available for use and no depreciation is charged from the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Assets are derecognised when disposed or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of assets, if any, are recognised in the statement of profit or loss and other comprehensive income, as and when incurred.

Assets held under finance lease

Assets subject to finance lease are depreciated over their expected useful lives on the same basis as owned assets.

Capital work in progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred and advances made during installation and construction period are carried under this head. These are transferred to specific asset as and when the asset is available for its intended use.

3.6 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably.

Generally costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any, thereon.

Intangible asset with a definite useful life is amortised on a straight line basis over its useful life. Amortization on all additions in intangibles is charged from the month in which the asset is available for use and on disposals upto the month of disposal. Amortisation charge is recognised in the statement of profit or loss and other comprehensive income. The rate of amortization is disclosed in note 15.

3.7 Investment properties

Investment properties are properties held to earn rentals and / or capital appreciation. The investment property of the Company comprises of land and buildings which are valued using the cost method i.e. at cost less accumulated depreciation and impairment, if any.

Depreciation on buildings is charged to the statement of profit or loss and other comprehensive income applying the reducing balance method at the rates specified in the note 14.

3.8 Financial Assets

Classification

From July 1, 2018 the Company classifies its financial assets in to following three categories:

- Financial assets measured at amortized cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in the statement of profit or loss and other comprehensive income.

- Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit or loss and other comprehensive income in the period in which it arises.

The classification depend on entity's business model and contractual terms of the cashflows.

Recognition and Derecognition

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on the irrevocable option made by the company at initial recognition to account for equity instruments at FVTOCI.

All purchases and sales of securities that require delivery within the time frame established by regulation or market conventions are recognised at trade receivables, which is the date, company counts the purchase or sell.

Financial assets are derognised when rights to receive contractual cashflows have expired or have been transferred and company has transferred substantially all risks and rewards of ownership.

Measurement

At initial recognition, the company measures a financial asset at its fair value plus in case of an asset not at FVTPL, transaction costs that are directly attributable to the acquisition of a financial asset. Transaction cost on FVTPL financial asset are expensed in the statement of profit or loss and other comprehensive income.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company's classifies its debt instruments:

Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTOCI:

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTPL:

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the statement of profit or loss and other comprehensive income and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Other financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss and other comprehensive income.

Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with a financial asset measured at amortized cost or a debt instrument measured at FVTOCI. The impairment methodology applied depends on whether there has been significant increase in credit risk. For trade receivables, the company applies simplified approach which requires expected lifetime losses to be recognised from initial recognition of trade receivables. The company recognises in profit or loss the amount of expected losses (or reversed) that is required to adjust the loss allowances at the reporting date.

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

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is an objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the statement of profit or loss.

3.8.1 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss and other comprehensive income.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss and other comprehensive income. Any gain or loss on de-recognition is also recognized in the statement of profit or loss and other comprehensive income.

Financial liabilities are derecognised when obligation under the liability is discharged, cancelled or expired.

3.9 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2019.

Remeasurements which comprise actuarial gains and losses on defined benefit obligations are recognized immediately in other comprehensive income.

3.10 Stores and spares

These are valued at lower of moving average cost and net realizable value less impairment, if any, for obsolete items. Items in transit are valued at cost incurred up to the reporting date.

3.11 Stock in trade

These are valued at lower of cost and net realisable value applying the following basis:

Raw material	Moving weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realisable value

Average manufacturing cost in relation to work in process and finished goods represents manufacturing cost which consists of prime cost and proportion of manufacturing overheads.

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

3.12 Trade Receivables, loans, deposits and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss. (Refer note 3.1.2.ii)

3.13 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, short-term running finances and term deposit receipts of less than 3 months.

3.14 Offsetting of financial assets and financial liabilities

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

3.15 Foreign currency transactions and translations

Foreign currency transactions are translated into Pakistani Rupee at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the reporting date. Exchange differences are included in the statement of profit or loss and other comprehensive income.

3.16 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue consists of sale of yarn. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point of time, as the control has been transferred to the customers. The Company assesses its revenue arrangements against specific criteria that must be met before revenue is recognised:

Dividend income is recognised in the statement of profit or loss and other comprehensive income on the date on which the Company's right to receive the payment is established.

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.

Rental income is recognized when it is due.

Gains / losses arising on sale of investments are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

(i) Accounting policies applied until June 30, 2018

Sales are recorded on dispatch of goods or on segregation of goods for delivery against confirmed customer's orders when risks and rewards are transferred to a customer.

Dividend is recognized when right to receive is established.

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.

Rental income is recognized when it is due.

Gains / losses arising on sale of investments are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

3.17 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 till 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 assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in statement of profit or loss and other comprehensive income in the period in which they are incurred.

3.18 Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credits and rebates available, if any or on turnover at the specified rates or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise due to assessment framed / finalized during the year.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profits and taxable temporary differences will be available against such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

3.19 Dividend and other appropriations

Dividend distribution to the Company’s shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders of the Company.

3.20 Earnings per share

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

3.21 Segment Reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker (CODM). The Company considers Chief Executive as its CODM who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 41 to these financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

i. Assumptions and estimates used in the recognition of current and deferred taxation (note 3.18)
ii. Assumptions and estimates used in accounting for defined benefit plan (note 3.9)
iii. Assumptions and estimates used in calculating the provision for impairment of trade receivables (note 3.1.2.ii)
iv. Assumptions and estimates used in determining the residual values and useful lives of property, plant and equipment and intangible assets (note 3.5 and 3.6)
v. Assumptions and estimates used in writing down items of stock in trade to their net realisable value (note 3.11)

5. SHARE CAPITAL

2019	2018		2019	2018
Number of shares			Rupees	Rupees
		Issued, subscribed and paid-up capital		
		Ordinary shares of Rs.10/- each fully paid		
3,133,000	3,133,000	In cash	**31,330,000**	31,330,000
15,567,000	15,567,000	As bonus shares	**155,670,000**	155,670,000
18,700,000	18,700,000		**187,000,000**	187,000,000

5.1 There were no movements in shares during the reporting periods.

5.2 The Company has one class of ordinary shares which carries no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders. All shares rank equally with regard to right in the Company's residual assets.

5.3 Following shares are held by associated undertakings of the Company as at the reporting date.

	2019	2018
	Number of shares	
Associated undertakings - due to common directorship and shareholding in the Company		
Monell (Private) Limited	**1,017,147**	1,017,147
Haroon Omer (Private) Limited	**1,017,147**	1,017,147
ICARO (Private) Limited	**1,017,248**	1,017,248
Ellahi International (Private) Limited	**9,000**	9,000
	3,060,542	3,060,542

	Note	2019 Rupees	2018 Rupees
6. CAPITAL RESERVES			
Capital redemption reserve	6.1	**241,860,000**	241,860,000
Amalgamation reserve	6.2	**12,104,417**	12,104,417
Surplus on revaluation of available for sale investment	13.1.2.(i)	-	2,330,695
Reserves for the investment carried at fair value through other comprehensive income	23.6.2	**(54,498,217)**	-
		199,466,200	256,295,112

6.1 This represents capital reserve created for the redemption of preference shares.

6.2 This represents capital reserve created on amalgamation of Ellahi Electric Company Limited with the Company.

	Note	2019 Rupees	2018 Rupees
7. LONG-TERM FINANCES			
From banking companies and other financial institutions - secured			
Demand finances	7.2	**48,333,316**	104,999,960
Term finances	7.3	**521,411,438**	19,090,907
Long-term financing facility (LTFF)	7.4	**520,154,937**	566,070,065
Long-term financing facility (NIDF)	7.5	**85,864,966**	114,486,621
Custom debentures	7.6	**2,832,155**	2,832,155
		1,178,596,812	807,479,708
Less: Current portion:			
Demand finances		**(48,333,316)**	(56,666,648)
Term finance		**(8,181,819)**	(10,909,092)
Long-term financing facility (LTFF)		**(71,569,288)**	(45,915,128)
Long-term financing facility (NIDF)		**(28,621,657)**	(28,621,656)
Custom debentures		**(2,832,155)**	(2,832,155)
		(159,538,235)	(144,944,679)
		1,019,058,577	662,535,029

7.1 Reconciliation of liabilities arising from long term financing activities

The table below details changes in the Company's liabilities arising from the financing activities, including both cash and non-cash changes, if any. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	July 1, 2018	Cash flows Obtained	Cash flows Repaid	June 30, 2019
	---------- Rupees ----------			
Demand finances	104,999,960	-	(56,666,644)	**48,333,316**
Term finances	19,090,907	513,229,619	(10,909,088)	**521,411,438**
Long-term financing facility (LTFF)	566,070,065	-	(45,915,128)	**520,154,937**
Long-term financing facility (NIDF)	114,486,621	-	(28,621,655)	**85,864,966**
Custom debentures	2,832,155	-	-	**2,832,155**
2019 Rupees	**807,479,708**	**513,229,619**	**(142,112,515)**	**1,178,596,812**
2018 Rupees	905,339,111	15,099,000	(112,958,403)	807,479,708

7.2 Demand finances

Name of institution	Limit 2019	Limit 2018	Outstanding amount 2019	Outstanding amount 2018	Details of financing, security and repayment terms
	Rupees		Rupees		
National Bank of Pakistan (Facility I)	100,000,000	100,000,000	8,333,332	24,999,991	Facility is secured against joint pari passu hypothecation charge over all present and future fixed assets and joint pari passu equitable mortgage charge over land and building of the Company. The loan is subject to mark-up at a rate of 3 month average KIBOR ask side plus 50 bps (2018 : 3 months average KIBOR ask side plus 50 bps) repayable in 24 equal quarterly installments that commenced from January 2014.
National Bank of Pakistan (Facility II)	240,000,000	240,000,000	39,999,984	79,999,969	Facility is secured against joint pari passu hypothecation charge over all present and future fixed assets and joint pari passu equitable mortgage over land and building with 25% margin. The loan is subject to mark-up at a rate of 3 month average KIBOR ask side plus 50 bps (2018 : 3 months average KIBOR ask side plus 50 bps) repayable in 24 equal quarterly installments that commenced from August 2014.
			48,333,316	104,999,960	

7.3 Term Finance Facilities

Name of institution	Limit 2019	Limit 2018	Outstanding amount 2019	Outstanding amount 2018	Details of financing, security and repayment terms
Habib Bank Limited	60,000,000	60,000,000	8,181,819	19,090,907	Facility is secured against joint pari passu charge on entire present and future fixed assets of the Company and personal guarantee of sponsoring directors. The loan is subject to mark-up at the rate of 3 month average KIBOR offer rate plus 50 bps (2018 : 3 month average KIBOR plus 50 bps) repayable in 22 equal quarterly installments that commenced from February 2015.

Name of institution	Limit 2019	Limit 2018	Outstanding amount 2019	Outstanding amount 2018	Details of financing, security and repayment terms
	Rupees		Rupees		
Habib Bank Limited	850,000,000	-	215,417,619	-	Facility is secured against first joint pari passu charge on all present and future fixed assets of the Company with 25% margin. The loan is subject to mark-up at the rate of average of 3 month offer rate of KIBOR plus 100 bps (2018 : Nil) repayable in 32 equal quarterly installments commencing from August 2021.
			223,599,438	**19,090,907**	
Allied Bank Limited	350,000,000	-	297,812,000	-	Facility is secured against first joint pari passu charge over fixed assets (land, building, plant & machinery) of the company with 25% margin. The loan is subject to mark-up at the rate of 3 months KIBOR plus 50 bps (2018: Nil) repayable in 32 equal quarterly installments commencing from October 2021.
			297,812,000	-	
			521,411,438	19,090,907	

7.4 Long Term Finance Facilities (LTFF)

Name of institution	Limit		Outstanding amount		Details of financing, security and repayment terms
	2019	2018	2019	2018	
	Rupees		Rupees		
United Bank Limited	149,693,155	149,693,155	116,947,778	135,659,422	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building & machinery) of the Company. The loan is subject to mark-up at the rate of 3.5 % (2018: 3.5%).The loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.14 of 2015 and is repayable in 32 equal quarterly installments commenced from November 2017.
United Bank Limited	142,813,663	142,813,663	124,961,955	142,813,663	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building & machinery) of the company. The loan is subject to mark-up at the rate of 2.5 % (2018: 2.5%).The loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 and is repayable in 32 equal quarterly installments commenced from July 2018.
United Bank Limited	149,628,405	149,628,405	140,276,629	149,628,405	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building & machinery) of the company. The loan is subject to mark-up at the rate of 2.5 % (2018: 2.5%). The loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 repayable in 32 equal quarterly installments commenced from March 2019.
United Bank Limited	122,869,575	122,869,575	122,869,575	122,869,575	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building & machinery) of the company. The loan is subject to mark-up at the rate of 2.5 % (2018: 2.5%) . The loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 repayable in 32 equal quarterly installments commencing from September 2019.

Name of institution	Limit 2019	Limit 2018	Outstanding amount 2019	Outstanding amount 2018	Details of financing, security and repayment terms
	Rupees		Rupees		
United Bank Limited	27,502,020	27,502,020	15,099,000	15,099,000	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building & machinery) of the company. The loan is subject to mark-up at the rate of 2.5 % (2018: 2.5%). The loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 repayable in 32 equal quarterly installments commencing from March 2020.
			520,154,937	566,070,065	

7.5 Long Term Finance Facilities (NIDF)

Name of institution	Limit 2019	Limit 2018	Outstanding amount 2019	Outstanding amount 2018	Details of financing, security and repayment terms
United Bank Limited	157,493,182	157,493,182	85,864,966	114,486,621	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building & machinery) of the company. The loan is subject to mark-up at the rate of 3 months KIBOR plus 100 bps (2018: 3 Months KIBOR plus 100 bps) repayable in 22 equal quarterly installments commenced from March 2017.
			85,864,966	114,486,621	

7.6 Debentures have been issued in favor of Collector of Customs of Karachi to cover deferred payment of custom duty on imported machinery.

7.7 The exposure of the Company's borrowings to interest rate changes on the contractual repricing dates at the reporting date are as follows:

	Note	2019 Rupees	2018 Rupees
- Short-term borrowings	11	**1,443,682,458**	1,361,933,897
- Long-term finances	7.2, 7.3 and 7.5	**655,609,720**	238,577,488
		2,099,292,178	1,600,511,385

7.8 Management considers that there is no non-compliance of the financing agreements with banking companies and financial institutions where the Company is exposed to penalties.

	2019 Rupees	2018 Rupees
8 DEFERRED LIABILITY		
Provision for staff gratuity	**118,839,945**	100,092,922

The Company operates an unfunded gratuity scheme for all its confirmed employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made to cover the obligations under the scheme on the basis of actuarial assumptions and is determined using Projected Unit Credit Method. Details of actuarial assumption and amounts charged in these financial statements are as follows:

Actuarial assumptions

	2019	2018
- Discount rate	**14.25%**	9%
- Expected rate of salary increase	**12.25%**	7%
- Average expected remaining working life of the employees	**10 years**	10 years

	Change in assumption	Increase / (decrease) in defined benefit obligation	
		Increase in assumption	Decrease in assumption
		2019 --------------Rupees--------------	
Discount Rate	1.00%	**(6,674,786)**	**7,523,939**
Salary Increase	1.00%	**7,909,616**	**(7,138,834)**
Average duration of defined benefit obligation in years		**6**	**6**

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the reporting date.

	2019 Rupees	2018 Rupees
Movement in the net defined benefit liability		
Balance at the beginning of the year	**100,092,922**	84,752,937
Recognized in the statement of profit or loss		
Current service cost	**22,556,092**	17,545,735
Interest cost	**8,031,327**	5,880,203
	30,587,419	23,425,938
Recognized in other comprehensive income		
Remeasurement loss on defined benefit liability	**9,871,506**	9,672,720
Benefits paid during the year	**(21,711,902)**	(17,758,673)
Balance at end of the year	**118,839,945**	100,092,922
Actuarial losses		
Actuarial loss from changes in demographic and financial assumptions	**2,302,318**	498,810
Experience adjustments	**7,569,188**	9,173,910
	9,871,506	9,672,720

Sensitivity analysis

The sensitivity analysis presented has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

This scheme exposes the Company to the actuarial risks such as:

Salary risk

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risk

The risk that the actual mortality / withdrawal experience is different. Its effect depends upon the beneficiaries' service period / age distribution and the benefit.

Longevity risk

The risk arises when the actual lifetime of the retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

8.1 The expected maturity analysis of undiscounted benefit obligation is:

	2019 Rupees	2018 Rupees
	Undiscounted payments	
Less than a year	20,965,398	18,371,041
Between 1 to 2 years	21,984,684	16,883,904
Between 2 to 3 years	26,061,858	16,836,753
Between 3 to 4 years	18,999,922	19,110,895
Between 4 to 5 years	20,337,705	13,179,968
Between 5 to 6 years	23,241,778	13,859,562
6 years and above	1,811,242,627	571,683,819

8.2 Expected provision to be recognized in statement of profit or loss and other comprehensive income for current service cost and interest cost for the year June 30, 2020 is Rs. 23.632 million and 15.441 million respectively.

8.3 The average duration of the defined benefit obligation is 6 years.

9. TRADE AND OTHER PAYABLES

	Note	2019 Rupees	2018 Rupees
Creditors		**69,737,331**	60,559,303
Accrued liabilities	9.1	**825,042,480**	625,286,587
Advance from customers		**15,575,248**	21,163,122
Workers' Profit Participation Fund	9.2	**19,394,537**	12,006,284
Sindh Workers' Welfare Fund		**19,573,988**	12,204,064
Preference shares redemption liability and dividend		**733,365**	733,365
Other government expenses - Infrastructure fee	9.3	**41,725,374**	31,337,349
Others		**665,826**	494,206
		992,448,149	763,784,280

9.1 This includes an amount of Rs. 494.15 million (2018 : Rs. 393.95 million) in respect of Gas Infrastructure Development Cess.

Gas Infrastructure Development (GID) Cess was levied with effect from December 15, 2011 and was chargeable from industrial gas customers at different rates as prescribed by the Federal Government through OGRA notification.

On June 13, 2013, the Honorable Peshawar High Court declared the levy, imposition and recovery of the Cess unconstitutional with the direction to refund the “Cess” so far collected. Honorable Supreme Court of Pakistan examined the case and vide its findings dated August 22, 2014, concluded that GID Cess is a fee and not a tax and on either count the “Cess” could not have been introduced through a money bill under Article 73 of the Constitution and the same was, therefore, not validly levied in accordance with the Constitution. However, on September 25, 2014, the President of Pakistan had promulgated GID Cess Ordinance 2014, which was applicable to the whole of Pakistan and has to be complied by all parties.

On September 29, 2014, the Honorable Sindh High Court gave a stay order to various parties against the promulgation of Presidential order on September 25, 2014.

On May 22, 2015, the GID Cess Act, 2015 was passed by Parliament applicable on all consumers. Following the imposition of the said Act, many consumers filed a petition in Honorable Sindh High Court and obtained stay order against the Act passed by the Parliament.

On October 26, 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh and is pending for adjudication. Furthermore, challenges to the GIDC Act, 2015 arising out of a judgment of the Peshawar High Court are also pending adjudication before the Honourable Supreme Court of Pakistan.

In view of aforementioned developments, the Company on prudent basis, continues to recognize the provision for gas infrastructure development cess.

	Note	2019 Rupees	2018 Rupees
9.2 Workers' Profit Participation Fund			
Opening balance		**12,006,284**	5,955,195
Interest on fund utilized in the Company's business	9.2.1	**1,253,258**	605,713
		13,259,542	6,560,908
Allocation for the year	29	**19,394,537**	12,006,284
		32,654,079	18,567,192
Amount paid to the fund		**(13,259,542)**	(6,560,908)
		19,394,537	12,006,284

9.2.1 Interest on funds utilized is charged @ 30% (2018: 22.5%) per annum.

9.3 This represents Rs. 41.725 million (previously 31.337 million for the year 2018) provisioned for Sindh Development and Infrastructure Fee and Duty which was levied by the Excise and Taxation Department, on goods entering or leaving the province of Sindh, through air or sea at prescribed rate, under the Sindh Finance Ordinance, 2001. The imposition of the levy was initially challenged by the Company along with other affectee's, in the Honorable High Court of Sindh, and the Honorable Court was pleased to grant an interim injunction, vide Order dated May 31, 2011, to the effect that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be deposited with the Honorable Court until the final order is passed. That the aforesaid Injunction is still in operation and the Petition filed by the Company is pending and the management is confident for a favorable outcome. However, as a matter of prudence, the Company has paid 50% of the value of infrastructure fee to the concerned department and recorded liability for the remaining amount which is supported by a bank guarantee.

	Note	2019 Rupees	2018 Rupees
10. ACCRUED INTEREST / MARK-UP			
Long-term finances			
- From banking companies		**8,118,619**	5,619,221
Short-term borrowings		**43,903,844**	19,464,533
		52,022,463	25,083,754

11. SHORT-TERM BORROWINGS
- Banking companies - secured

	Note	2019	2018
Running finance	11.2 & 11.3	**1,443,682,458**	761,933,897
Term finance	11.1 & 11.4	**-**	600,000,000
		1,443,682,458	1,361,933,897

11.1 Reconciliation of liabilities arising from short term financing activities

The table below details changes in the Company's liabilities arising from the financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

		Cash flows		Non-cash flows	
	July 1, 2018	Obtained	Repaid	Foreign exchange gain	June 30, 2019
	-----------------	-----------------	Rupees	-----------------	-----------------
Term finance	600,000,000	1,600,000,000	(2,200,000,000)	-	-
	600,000,000	1,600,000,000	(2,200,000,000)	-	-

11.2 The Company can avail foreign currency, cash and running finance facilities from various banks aggregating to Rs. 3,430 million (2018 : Rs. 2,880 million). These borrowings are secured against hypothecation of stocks and book debts / receivables of the Company and pari passu charge on present and future current assets, demand promissory notes and lien on export orders / contracts. Cash and running finance facilities are subject to variable markup ranging from 1 to 3 month KIBOR plus 0.2% to 1.00% (2018 : from 1 to 3 month KIBOR plus 0.2% to 0.75%) per annum payable on quarterly basis.

11.3 The aggregate unavailed short-term borrowing facilities available amounted to Rs. 1,986 million (2018 : Rs. 1,518 million).

11.4 The Company has availed term finance facility from various banks which carries mark-up ranging from 10.74% to 11.41% (2018: 6.2% to 7.02%).

12. CONTINGENCIES AND COMMITMENTS

	Note	2019 Rupees	2018 Rupees
12.1 Contingencies			
Bank guarantees issued on behalf of the Company	12.1.1	**16,602,000**	14,602,000
Bank guarantee in favor of Excise and Taxation department	9.3	**48,796,448**	34,296,448
Revolving Letter of credit Favouring SSGC		**82,051,880**	82,051,880

12.1.1 It includes guarantee issued in favor of Hyderabad Electric Supply Cooperation (HESCO) amounting Rs. 14.602 million.

12.2 Commitments

	2019	2018
Machinery	**999,728,296**	-
Civil work	**7,200,000**	12,223,324
Raw material	**438,785,755**	-
Stores and spares	**2,046,444**	-
Bills Discounted	**42,100,862**	-
Commitments for rentals of assets under operating lease agreements as at June 30:		
Not later than one year	**2,166,269**	2,019,803

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		Note	2019 Rupees	2018 Rupees
13.	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets	13.1	**1,959,988,354**	1,424,759,699
	Capital work in progress	13.2	**58,544,415**	10,724,200
	Capital advances	13.3	**521,955**	1,022,000
			2,019,054,724	1,436,505,899

13.1 Operating fixed assets

2019

Particulars	Cost at July 01, 2018	Additions / (Deletions)	Cost at June 30, 2019	Accumulated depreciation at July 01, 2018	Depreciation for the year / (Disposal)	Accumulated depreciation at June 30, 2019	Written down value at June 30, 2019	Rate of Depreciation %
	(Rupees)							
Owned								
Land - freehold	**7,400,318**	**-**	**7,400,318**	**-**	**-**	**-**	**7,400,318**	**-**
Land - leasehold	**2,474,682**	**-**	**2,474,682**	**-**	**-**	**-**	**2,474,682**	**-**
Commercial building on free hold land	**16,699,610**	**-**	**16,699,610**	**10,588,218**	**305,570**	**10,893,788**	**5,805,822**	**5**
Mills buildings on lease hold land	**201,429,869**	**-**	**201,429,869**	**125,734,590**	**7,650,856**	**133,385,446**	**68,044,423**	**10**
Other buildings on leasehold land	**30,996,460**	**16,838,242**	**47,834,702**	**16,432,881**	**727,183**	**17,160,064**	**30,674,638**	**5**
Machinery and equipment	**2,392,149,991**	**666,047,003 (86,034,563)**	**2,972,162,430**	**1,175,647,285**	**131,326,532 (71,570,852)**	**1,235,402,965**	**1,736,759,465**	**10**
Electric installations and equipment	**113,886,444**	**2,907,631**	**116,794,075**	**66,195,924**	**4,848,046**	**71,043,970**	**45,750,105**	**10**
Gas installations	**3,671,136**	**1,389,775**	**5,060,911**	**2,883,001**	**113,558**	**2,996,560**	**2,064,352**	**10**
Office equipment	**21,032,861**	**517,800 (143,300)**	**21,407,361**	**12,313,734**	**910,082 (30,670)**	**13,193,146**	**8,214,215**	**10**
Furniture and fixtures	**26,509,110**	**1,445,281**	**27,954,391**	**15,580,017**	**1,143,424**	**16,723,441**	**11,230,951**	**10**
Vehicles	**70,304,223**	**17,783,931 (15,416,780)**	**72,671,374**	**36,419,355**	**7,246,434 (12,563,798)**	**31,101,991**	**41,569,383**	**20**
	2,886,554,704	**706,929,663 (101,594,643)**	**3,491,889,723**	**1,461,795,005**	**154,271,684 (84,165,320)**	**1,531,901,369**	**1,959,988,354**	

2018

Particulars	Cost at July 01, 2017	Additions / (Deletions)	Cost at June 30, 2018	Accumulated depreciation at July 01, 2017	Depreciation for the year / (Disposal)	Accumulated depreciation at June 30, 2018	Written down value at June 30, 2018	Rate of Depreciation %
	(Rupees)							
Owned								
Land - freehold	7,400,318	-	7,400,318	-	-	-	7,400,318	-
Land - leasehold	2,474,682	-	2,474,682	-	-	-	2,474,682	-
Commercial building on free hold land	16,699,610	-	16,699,610	10,266,566	321,652	10,588,218	6,111,392	5
Mills buildings on lease hold land	199,390,207	2,039,662	201,429,869	117,460,650	8,273,940	125,734,590	75,695,279	10
Other buildings on leasehold land	30,996,460	-	30,996,460	15,666,762	766,119	16,432,881	14,563,579	5
Machinery and equipment	2,411,343,655	42,577,662 (61,771,326)	2,392,149,991	1,095,602,273	132,921,247 (52,876,235)	1,175,647,285	1,216,502,706	10
Electric installations and equipment	111,350,783	2,535,661	113,886,444	60,969,469	5,226,455	66,195,924	47,690,520	10
Gas installations	3,671,136	-	3,671,136	2,795,430	87,571	2,883,001	788,135	10
Office equipment	20,004,311	1,028,550	21,032,861	11,385,210	928,524	12,313,734	8,719,127	10
Furniture and fixtures	25,656,576	852,534	26,509,110	14,422,331	1,157,686	15,580,017	10,929,093	10
Vehicles	64,776,775	16,338,950 (10,811,502)	70,304,223	36,573,245	6,839,003 (6,992,893)	36,419,355	33,884,868	20
	2,893,764,513	65,373,019 (72,582,828)	2,886,554,704	1,365,141,936	156,522,197 (59,869,128)	1,461,795,005	1,424,759,699	

	Note	2019 Rupees	2018 Rupees
13.1.1 Total depreciation			
Operating fixed assets	13.1	**154,271,684**	156,522,197
Investment property	14	**259,434**	273,088
	13.1.2	**154,531,118**	156,795,285
13.1.2 Depreciation for the year has been allocated as under:			
Cost of goods manufactured	26.1	**145,216,479**	147,853,740
Administrative expenses	28	**9,314,639**	8,941,545
		154,531,118	156,795,285

13.1.3 Detail of disposal of assets

Description of Assets	Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Gain / (loss) on disposal	Mode of disposal	Relationship of purchaser with the company	Particulars of buyers
	-----	-----	-----	(Rupees)	-----			
Machinery and equipment	25,985,116	21,531,256	4,453,860	1,800,000	(2,653,860)	Negotiation	None	**Muhammad Imran** House No C-42, Near Qazi Chowk, Railway Girls School, American Quarters Hyderabad
Machinery and equipment	7,649,152	6,478,721	1,170,431	600,000	(570,431)	Negotiation	None	**Muhammad Imran** House No C-42, Near Qazi Chowk, Railway Girls School, American Quarters Hyderabad
Machinery and equipment	14,614,272	12,602,978	2,011,294	1,200,000	(811,294)	Negotiation	None	**Muhammad Imran** House No C-42, Near Qazi Chowk, Railway Girls School, American Quarters Hyderabad
Machinery and equipment	7,723,669	6,670,777	1,052,891	600,000	(452,891)	Negotiation	None	**Muhammad Imran** House No C-42, Near Qazi Chowk, Railway Girls School, American Quarters Hyderabad
Machinery and equipment	3,254,751	1,426,210	1,828,541	1,920,000	91,459	Negotiation	None	**Akbar Ali & Brothers** Suit No 210, Second Floor, The Cotton Exchange Building, I.I. Chundrigar Road Karachi
Machinery and equipment	14,221,593	11,625,064	2,596,529	3,000,000	403,471	Negotiation	None	**Gagan Textile** Plot No Dp-6-A, Sector 12-D, North Karachi Industrial Area, Karachi
Machinery and equipment	5,509,126	4,716,241	792,885	900,000	107,115	Negotiation	None	**Bajaj Fibers Mill** 13-Km, Fsd Road, Bhiki, Tehsil And District Sheikhupura, Punjab
Machinery and equipment	3,365,161	3,015,453	349,708	350,000	292	Negotiation	None	**Popular Fibre Mills Pvt Ltd** 311 Chappal Plaza, Hasrat Mohani Road, off I.I. Chundrigar. Karachi
Machinery and equipment	925,000	818,151	106,849	175,000	68,151	Negotiation	None	**Popular Fibre Mills pvt ltd** 311 Chappal Plaza, Hasrat Mohani Road, off I.I. Chundrigar. Karachi
Machinery and equipment	2,786,724	2,686,000	100,724	332,668	231,944	Negotiation	None	**Islam Gul** Near Nouroz Petrol Pump Site Area Kotri
Office equipments	60,500	26,348	34,152	16,500	(17,652)	Negotiation	Employee	**Faisal Ibn-E-Saleem** Nagina Cotton Mill
Office equipments	28,200	1,175	27,025	0	(27,025)	Snatched	-	-
Office equipments	54,600	3,147	51,453	0	(51,453)	Snatched	-	-
Vehicle	1,750,215	1,192,161	558,054	1,280,000	721,946	Negotiation	None	**Waseem Mirza** House No A-32, Block No 10-A, Near Lasania Restaurant, Gulshan-E-Iqbal, Karachi
Vehicle	706,310	416,050	290,260	350,000	59,740	Negotiation	None	**Rehmat Ullah** Post Office Gulistan, Kariz Gulistan, Tehsil Gulistan, Zila Qila Abdullah
Vehicle	675,800	487,131	188,669	330,000	141,331	Negotiation	None	**Mr. Qasim** House No 1731-224, Kumar Colony, Mohajir Camp, No 2 Baldia Town , Karachi
Vehicle	64,000	4,267	59,733	60,000	267	Negotiation	None	**I.G.I. Insurance Ltd** 7Th Floor, The Forum, Suite No 701-713, G-20 Block 9 Khayabn-E-Jami, Clifton, Karachi
Vehicle	88,760	52,000	36,760	28,000	(8,760)	Negotiation	None	**Tauqeer Qadir** House No 06, Gali No 06, Baghban Pura Lahore
Vehicle	1,100,100	677,036	423,064	795,000	371,936	Negotiation	None	**Waseem Mirza** House No A-32, Block 10-A, Gulshan-E-Iqbal, Karachi
Vehicle	720,475	507,104	213,371	480,000	266,629	Negotiation	None	**Abdul Aziz Khan** House No B-52, Block J, North Nazimabad, Karachi
Vehicle	57,100	54,542	2,558	9,500	6,942	Negotiation	None	**Khalid Ali.** House No 835 Gali No 3, Khokar Colony, Clifton Karachi
Vehicle	1,545,300	844,908	700,392	1,285,000	584,608	Negotiation	None	**Zeeshan Ali** Flat No B-6, Tri Star Avenue, Street No Sa-13, Sector 11-C, North Karachi
Vehicle	8,708,720	8,328,600	380,120	2,690,000	2,309,880	Negotiation	None	**Muhammad Amish Azhar** House No 74, Street No 10, Block H, Mohalla Phase-5, Defence Housing Authority, Lahore
Rupees 2019	**101,594,644**	**84,165,320**	**17,429,323**	**18,201,668**	**772,345**			
Rupees 2018	72,582,829	59,869,128	12,713,701	11,532,000	(1,181,701)			

		Note	2019 Rupees	2018 Rupees
13.2	**Capital work-in-Progress**			
	Civil work	13.2.1	**51,852,882**	4,329,959
	Machinery and electrical installations	13.2.2	**6,691,533**	6,394,241
			58,544,415	10,724,200
13.2.1	**Civil work**			
	Opening balance		**4,329,959**	802,683
	Additions		**64,800,775**	5,909,838
			69,130,734	6,712,521
	Transfer to property, plant and equipment		**(17,277,852)**	(2,382,562)
	Closing balance	13.2.3	**51,852,882**	4,329,959
13.2.2	**Machinery and electrical installations**			
	Opening balance		**6,394,241**	18,743,796
	Additions		**670,462,661**	32,682,786
			676,856,902	51,426,582
	Transfer to property, plant and equipment		**(670,165,369)**	(45,032,341)
	Closing balance	13.2.3	**6,691,533**	6,394,241

13.2.3 These include advances to suppliers amounting to Rs. 8.008 million (2018: Rs. 5.003 million).

13.3 It represents advances paid to supplier against purchase of vehicles and furniture and fixtures.

14. INVESTMENT PROPERTIES

	Cost			Depreciation			Written down value as at June 30, 2019	Annual rate of Dep. %
	As at July 1, 2018	Additions / (disposals)	As at June 30,2019	As at July 1, 2018	charge for the year	As at June 30,2019		
	(Rupees)							
Building on free hold land in Lahore	**17,539,312**	**-**	**17,539,312**	**12,350,640**	**259,434**	**12,610,074**	**4,929,238**	**5**
Land in Lahore - free hold- 14.2	**8,300,631**	**-**	**8,300,631**	**-**	**-**	**-**	**8,300,631**	**-**
Land in Sheikhupura - freehold- 14.3	**751,338**	**-**	**751,338**	**-**	**-**	**-**	**751,338**	**-**
2019 Rupees	**26,591,281**	**-**	**26,591,281**	**12,350,640**	**259,434**	**12,610,074**	**13,981,207**	
2018 Rupees	26,591,281	-	26,591,281	12,077,552	273,088	12,350,640	14,240,641	

14.1 As per the valuation done by M/s Hamid Mukhtar & Co. (Pvt) Ltd, the fair value of Land and building in Lahore - free hold is Rs. 633.640 million and Land in Sheikhupura is Rs 111 million as at October 17, 2018.

14.2 Freehold land and building there upon is situated at 91-B1, M.M. Alam Road, Gulberg-III, Lahore, having total area of 0.5 acres (4 kanals and 12 square feet).

14.3 Land is situated at 13.5 Km, Sheikhupura, Sharqpur Road, Mouza Ghazi Androon, Dist. Sheikhupura, having total area of 18.5 acres (148 kanals).

15. INTANGIBLE ASSETS

	Cost			Amortization			Carrying value as at June 30, 2019	Rate of Amortization %
	As at July 01, 2018	Additions	As at June 30, 2019	As at July 01, 2018	Charge for the year	As at June 30, 2019		
	(Rupees)							
ERP software	**4,151,365**	**-**	**4,151,365**	**1,729,736**	**830,273**	**2,560,009**	**1,591,356**	**20**
2019 Rupees	**4,151,365**	**-**	**4,151,365**	**1,729,736**	**830,273**	**2,560,009**	**1,591,356**	
2018 Rupees	4,151,365	-	4,151,365	899,462	830,273	1,729,735	2,421,630	

16. SALES TAX REFUND BONDS

Sales tax refund bonds are issued by the Federal Board of Revenue (FBR) against sales tax refundable of Rs. 19.5 million. The bonds so issued bear profit @ 10% per annum and will be matured after 3 years from the date of its issuance. Profit accrued in the statement of profit or loss and other comprehensive income on sales tax refund bonds for the period amount to Rs. 0.043 million.

	Note	2019 Rupees	2018 Rupees
17. STORES AND SPARES			
Stores		**12,704,206**	19,459,840
Spares		**19,997,288**	17,412,379
		32,701,494	36,872,219
18. STOCK-IN-TRADE			
Raw material		**1,021,167,462**	1,104,008,449
Work-in-process		**62,029,593**	61,017,474
Finished goods		**113,044,950**	64,395,521
Waste		**3,403,560**	4,094,607
		1,199,645,565	1,233,516,051
19. TRADE RECEIVABLES			
Considered good			
Foreign - secured		**1,282,249,552**	582,823,828
Local - unsecured	19.1& 19.3	**354,079,800**	370,914,246
		1,636,329,352	953,738,074
Considered doubtful		**440,806**	1,044,009
		1,636,770,158	954,782,083
Less: credit loss allowance		**(440,806)**	(1,044,009)
		1,636,329,352	953,738,074

19.1 These are non-interest bearing, the normal credit period is 15 to 45 days.

19.2 Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of credit customers, to assess whether or not provision is required.

19.3 Trade receivables include debtors with a carrying amount of Rs. 29.959 million (2018: Rs. 36.162 million) which are past due at the reporting date against which the Company has not made a provision as there is no significant change in credit quality and the amount is considered recoverable. The Company does not hold any collateral against these balances.

19.4 Refer to note 3.1.2.(ii) in which we have explained that on the adoption of IFRS 9 using ECL, the Company has not had a material impact on the financial position and / or financial performance of the Company.

	2019 Rupees	2018 Rupees
19.4.1 Aging of past due but not impaired		
46-90 days	11,468,927	305,221
91-180 days	262,817	8,467,428
181 days and above	18,227,220	27,389,872
	29,958,964	**36,162,521**

		Note	2019 Rupees	2018 Rupees
20.	**LOANS AND ADVANCES**			
	Considered good			
	Advances			
	Employees		**119,340**	166,049
	Income tax	20.1	**182,742,490**	143,118,456
	Suppliers		**17,145,772**	11,371,589
	Expenses		**216,931**	118,181
	Letters of credit		**2,003,508**	393,045
			202,228,041	155,167,320
20.1	Movement of advance tax is as under:			
	Opening balance		**143,118,456**	156,148,359
	Paid during the year		**92,130,664**	52,324,602
	Provision for tax	32	**(52,506,630)**	(65,354,505)
			182,742,490	143,118,456
21.	**PREPAYMENTS**			
	Prepaid insurance		**1,478,744**	1,367,101
	Others		**1,511,421**	2,366,479
			2,990,165	3,733,580
22.	**OTHER RECEIVABLES**			
	Considered good			
	Export rebate		**13,361,579**	63,365,835
	Income tax refundable		**892,665**	892,665
	Other receivables		**4,685,762**	3,229,506
			18,940,006	67,488,006
23.	**OTHER FINANCIAL ASSETS**			
	Fair value through Profit or Loss			
	Investment in listed equity securities	23.1	**89,858,644**	-
	Investment in mutual funds	23.2	**6,952,598**	-
	Fair value through Other Comprehensive Income			
	Investment in listed equity securities	23.3	**334,002,347**	-
	Investment in mutual funds	23.4	**9,696,610**	-
	Available for sale investments			
	Investment in listed equity securities		-	421,062,881
	Investment in mutual funds		-	25,807,124
			440,510,198	446,870,005

23.1 Equity investments designated at FVTPL of Rs. 89.859 million (2018: available for sale investments of Rs. 106.603 million) are held in Specially Managed Account maintained with and managed by NBP Asset Management Company Limited.

	Note	2019 Rupees	2018 Rupees
23.2 'Investment in mutual funds through SMA - at fair value through profit or loss			
NAFA Money Market Fund 704,496 units (2018: 1,213,099 units)	23.2.1	**6,952,598**	**12,622,299**

23.2.1 These are mutual fund investment carried at FVTPL of Rs. 6.952 million (2018: available for sale investments of Rs. 12.622 million) held in Specially Managed Account maintained with and managed by NBP Asset Management Company Limited.

23.3 Investment in listed equity securities - At fair value through other comprehensive income
Quoted companies

2019 Number of shares	2018 Number of shares	Name of investee	2019 Rupees	2018 Rupees
1,335,500	1,335,500	Engro Fetilizer Ltd	85,431,935	100,042,305
1,250,000	1,250,000	Load Limited	19,662,500	28,562,500
447,500	447,500	Bank Al falah Ltd	16,145,800	19,399,125
433,500	433,500	Oil & Gas Development Co	33,977,730	34,172,805
409,000	-	Mari Petroleum	46,323,340	-
365,000	365,000	Fauji Cement Ltd	10,895,250	11,826,000
358,500	283,500	Century Paper & Board	52,835,730	47,905,830
271,850	133,500	Agri Auto Industries Ltd	11,849,942	6,980,715
150,000	100,000	Bank Al Habib Ltd	19,723,500	15,562,000
110,000	110,000	United Bank Ltd	1,662,100	3,429,800
100,000	100,000	Habib Metropolitan Bank	17,445,000	19,777,000
85,000	85,000	MCB Bank Limited	2,647,750	5,397,500
21,500	21,500	Habib bank Ltd.	4,299,140	6,342,500
11,000	10,000	Fatima Fertilizer	11,102,630	15,061,800
			334,002,347	314,459,880

23.4 Investment in mutual funds - at fair value through other comprehensive income

	2019	2018
NAFA Islamic Energy Fund 1,059,820 units (2018: 1,040,543 units)	**9,696,610**	13,184,825

23.5 Reclassification of opening balance of unrealized gain

'This represents reclassification of unrealized gain on available for sale investments due to change in accounting policy as per note 3.1.2 (ii) as per following:-

	Note	Rupees
Unrealized gain on available for sale investments as at June 30, 2018		**2,330,695**
Reclassification as per IFRS 9:		
- Add: unrealized loss on investments at FVTPL		**10,079,813**
- Less: unrealized gain on investments at FVTOCI	23.7	**(12,410,508)**
		-

23.6 Reconciliation between fair value and cost of investments classified as 'equity instrument'

	Note	2019 Rupees	2018 Rupees
23.6.1 Through profit or loss			
Fair value of investments			
- in listed equity securities	23.1	**89,858,644**	106,603,001
- in mutual funds	23.2	**6,952,598**	12,622,299
		96,811,242	119,225,300
Less: unrealized loss on remeasurement of investments as at June 30		**18,570,435**	10,079,813
Add: impairment of equity instrument		**-**	3,162,364
		18,570,435	13,242,177
Cost of investments		**115,381,677**	132,467,477
23.6.2 Through other comprehensive income			
Fair value of investments			
- in listed equity securities	23.3	**334,002,347**	314,459,880
- in mutual funds	23.4	**9,696,610**	13,184,825
		343,698,957	327,644,705
		-	
Less: unrealized loss / (gain) on remeasurement of investments as at June 30	23.7	**54,498,217**	(12,410,508)
Add: impairment of equity instrument		**-**	20,174,798
		54,498,217	7,764,290
Cost of investments		**398,197,174**	335,408,995

23.7 Unrealised loss on remeasurement of equity instruments

Through other comprehensive income

	Note	2019 Rupees	2018 Rupees
Opening balance		-	-
Effect of change in accounting policy as mentioned in Note 3.1.2.(i)	23.5	**12,410,508**	-
(Loss) / gain on remeasurement of investments		**(66,908,725)**	-
Less: realized loss on sale of investment		-	-
Charge for the period		**(66,908,725)**	-
Closing balance		**(54,498,217)**	**-**

24. CASH AND BANK BALANCES

	Note	2019 Rupees	2018 Rupees
Term deposit receipts	24.1	**100,000,000**	200,113,425
Cash with banks			
In current accounts		**53,178,197**	321,973,340
In deposit accounts		**-**	81
Cash in hand		**17,348**	2,348
		153,195,545	522,089,194

24.1 It carries return at 10.80% p.a. (2018: 6.90% p.a.) and will be matured on July 4, 2019.

		Note	Local	Export	Total 2019	Total 2018
			---- (Rupees) ----			
25.	**SALES - net**					
	Yarn	25.1, 25.2 & 25.3	**3,304,840,243**	**3,477,537,869**	**6,782,378,112**	5,608,621,745
	Waste		**144,873,926**	**-**	**144,873,926**	137,845,475
	Raw material		**4,071,924**	**-**	**4,071,924**	81,400,684
			3,453,786,093	**3,477,537,869**	**6,931,323,962**	5,827,867,904
	Export rebate				**1,059,885**	50,746,871
	Less : Sales tax				**(74,313)**	(60,524)
					6,932,309,534	5,878,554,251

25.1 Export sales is net of exchange gain of Rs. 233.034 million (2018 : exchange gain of Rs. 47.14 million)

25.2 Export sales include indirect export of Rs. 453.47 million (2018 : Rs. 435.29 million) to a related party (note 36).

25.3 Local sales includes Rs. 315,500 (2018: Nil) in respect of doubling service provided to ESML.

		Note	2019 Rupees	2018 Rupees
26.	**Cost of goods sold**			
	Opening stock - finished goods and waste		**68,490,128**	54,282,407
	Cost of goods manufactured	26.1	**6,144,654,433**	5,306,938,210
			6,213,144,561	5,361,220,617
	Closing stock - finished goods and waste	18	**(116,448,510)**	(68,490,128)
	Cost of sales of raw material		**3,187,314**	71,677,182
			6,099,883,365	5,364,407,671
26.1	**Cost of goods manufactured**			
	Raw material consumed	26.1.1	**4,857,616,970**	4,029,664,528
	Packing material consumed		**86,155,203**	83,924,283
	Stores and spares consumed		**113,263,381**	114,106,978
	Salaries, wages and benefits	26.1.2	**410,321,843**	394,744,913
	Fuel		**493,132,560**	497,322,473
	Rent, rates and taxes		**532,913**	549,711
	Insurance		**9,953,284**	9,963,139
	Repairs and maintenance		**19,818,489**	35,526,661
	Depreciation	13.1.2	**145,216,479**	147,853,740
	Other manufacturing overheads		**9,655,430**	9,217,045
			6,145,666,552	5,322,873,471
	Work in process			
	Opening stock		**61,017,474**	45,082,213
	Closing stock	18	**(62,029,593)**	(61,017,474)
			(1,012,119)	(15,935,261)
			6,144,654,433	5,306,938,210
26.1.1	**Raw material consumed**			
	Opening stock		**1,104,008,449**	616,597,003
	Purchases		**4,774,775,983**	4,517,075,974
			5,878,784,432	5,133,672,977
	Closing stock	18	**(1,021,167,462)**	(1,104,008,449)
			4,857,616,970	4,029,664,528

26.1.2 It includes Rs. 25.664 million (2018 : Rs. 19.66 million) in respect of staff retirement benefits.

		Note	2019 Rupees	2018 Rupees
27.	**DISTRIBUTION COST**			
	Freight		**52,726,427**	41,034,852
	Commission:			
	-Local		**17,828,258**	11,845,420
	-Export		**23,081,928**	20,631,669
	Stamp duty		**491,478**	328,850
	Travelling		**5,143,779**	3,736,693
	Export development surcharge		**7,176,714**	6,336,632
	Quality claims		**1,839,853**	407,258
	Handling and other charges		**9,233,027**	7,723,977
	Insurance		**948,170**	1,023,800
	Distribution expense		**600,000**	651,200
	Other		**2,582,961**	2,547,558
			121,652,595	96,267,909

		Note	2019 Rupees	2018 Rupees
28.	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration, fees and benefits		**15,105,223**	12,359,099
	Staff salaries and benefits	28.1	**75,272,957**	57,713,582
	Travelling and conveyance		**1,909,459**	2,042,808
	Printing and stationery		**1,607,841**	1,416,614
	Postage and telephone		**3,022,849**	2,993,234
	Fees, subscription and periodicals		**3,380,116**	2,610,426
	Legal and professional		**1,186,956**	813,631
	Advertisement		**89,166**	81,987
	Utilities - net of recoveries		**7,654,785**	5,845,015
	Rent, rates and taxes		**4,906,805**	4,646,486
	Insurance		**1,906,931**	1,897,443
	Auditors' remuneration	28.2	**1,000,000**	1,000,000
	Repairs and maintenance		**2,873,709**	2,575,090
	Vehicles running and maintenance		**10,516,873**	8,451,478
	Entertainment		**1,760,937**	1,721,474
	Depreciation	13.1.2 & 28.3	**9,314,639**	8,941,545
	Amortization		**830,273**	830,273
	Donations	28.4 & 28.5	**300,000**	1,450,000
	Other		**2,273,369**	2,506,050
			144,912,888	119,896,235

28.1 It includes Rs. 4.923 million (2018: Rs. 3.77 million) in respect of staff retirement benefits.

28.2 Auditors' remuneration

	2019	2018
Annual audit fee	**600,000**	600,000
Half yearly review fee	**200,000**	200,000
Code of Corporate Governance certification	**50,000**	50,000
Tax compliance services	**150,000**	150,000
	1,000,000	1,000,000

28.3 It includes depreciation on investment properties amounting to Rs. 0.259 million (2018: Rs 0.273 million).

28.4 No donation has been paid in the current year which exceeds amounting Rs. 1 million (2018: It includes Rs. 1 million in respect of donation made to Saleem Trust Memorial Hospital).

28.5 Donations were not made to any donee in which a director or his spouse had any interest at any time during the year.

		Note	2019 Rupees	2018 Rupees
29.	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	9.2	**19,394,537**	12,006,284
	Sindh Workers' Welfare Fund		**7,369,924**	4,562,388
	Impairment on investment classified as available for sale		**-**	23,337,162
	Bad debt expense		**382,739**	-
	Realized loss on investment classified as fair value through profit or loss		**18,075,339**	-
	Unrealized loss on investment classified as fair value through profit or loss		**8,490,622**	-
			53,713,161	39,905,834
30.	**OTHER INCOME**			
	Income from financial assets			
	Dividend income	30.1	**35,048,233**	30,633,815
	Loss on sale of short term investments			
	- available for sale		**-**	(6,121,195)
	Interest income on term deposit receipt		**569,492**	364,085
	Unrealized gain on revaluation of FCY account Short Term finance		**-**	408,927
	Unrealized gain on revaluation of FC account		**709,126**	264,301
			36,326,851	25,549,933

30.1 This includes dividend of Rs. 490,220 (2018: Rs. 9,510) received and reinvested in NAFA mutual funds.

		Note	2019 Rupees	2018 Rupees
	Income from non-financial assets			
	Scrap sales		**1,678,305**	1,371,801
	Gain / (loss) on disposal of property, plant and equipment	13.1.3	**772,345**	(1,181,701)
	Rental income from investment property		**23,556,696**	21,887,114
	Interest income on sales tax refund bond		**42,877**	-
	Reversal of workers' welfare fund		**-**	35,115,685
			26,050,223	57,192,899
			62,377,074	82,742,832
31.	**FINANCE COST**			
	Mark-up / interest on:			
	Long term finances		**37,100,872**	35,583,565
	Short term borrowings		**166,264,026**	71,142,824
	Workers' Profit Participation Fund	9.2.1	**1,253,258**	605,713
	Bank charges and commission		**8,780,151**	9,930,331
			213,398,307	**117,262,433**
32.	**PROVISION FOR TAXATION**			
	Current tax		**52,506,630**	65,354,505

32.1 The total income of the Company for the current year attracts minimum tax under Section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

		2019 Rupees	2018 Rupees
32.2	Relationship between tax expense and accounting profit		
	Accounting profit - before tax	**361,126,292**	223,557,001
	Tax @ 29% (2018: 30%)	**104,726,625**	67,067,100
	Effect of:		
	- Items that are deductible in determining taxable profits	**(17,173,375)**	(3,271,411)
	- Items subject to final tax regime	**(9,625,499)**	1,242,681
	- Items subject to reduced rates	**5,247,665**	4,549,673
		(21,551,210)	2,520,943
	Tax credit	**(30,668,785)**	(4,233,538)
	Tax charge for the year	**52,506,630**	65,354,505

32.3 Deferred taxation

Movement for the year ended June 30, 2019	Balance as at June 30, 2019	Balance as at June 30, 2018
Deferred tax asset on deductible temporary differences arising in respect of:		
- Staff Gratuity	**15,590,843**	11,151,417
- Provision of doubtful debts	**(57,830)**	116,314
- Unabsorbed losses	**25,939,566**	25,939,566
- Minimum tax	**57,929,560**	35,420,065
Unrecognised portion of Minimum tax	**(2,592,704)**	(14,455,784)
	55,336,856	20,964,281
	96,809,435	58,171,578
Deferred tax liability on taxable temporary differences arising in respect of:		
- Property, plant and equipment	**(96,809,435)**	(58,171,578)
	-	-

The Company has not accounted for deferred tax asset / income as it is not expected to be realised in the foreseeable future.

33. EARNINGS PER SHARE - basic and diluted

There is no dilutive effect on the basic earnings per share of the Company which is as follows :

	2019 Rupees	2018 Rupees
Profit after taxation (Rupees)	**308,619,662**	158,202,496
Weighted average number of ordinary shares	**18,700,000**	18,700,000
Earnings per share (Rupees)	**16.50**	8.46

		2019 Rupees	2018 Rupees
34.	**Cash generated / (used in) from operations**		
	Profit before taxation	**361,126,292**	223,557,001
	Adjustments for:		
	Depreciation	**154,531,118**	156,795,285
	Amortization	**830,273**	830,273
	Provision for gratuity	**30,587,419**	23,425,938
	(Gain) / loss on disposal of property, plant and equipment	**(772,345)**	1,181,701
	Capital loss on investment classified as fair value through profit or loss	**18,075,339**	-
	Unrealized loss on investment classified as fair value through profit or loss	**8,490,622**	-
	Loss on sale of short term investments		
	- available for sale	**-**	6,121,195
	Finance cost	**213,398,307**	117,262,433
	Unrealized gain on revaluation of FCY account Short Term finance	**-**	(408,927)
	Rental income	**(23,556,696)**	(21,887,114)
	Dividend income	**(35,048,233)**	(30,633,815)
	Interest income on sales tax refund bonds	**(42,877)**	-
	Reversal of workers' welfare fund	**-**	(35,115,685)
	Impairment on investment classified as available for sale	**-**	23,337,162
		727,619,219	464,465,447
	Decrease / (increase) in current assets:		
	Stores and spares	**4,170,725**	(5,512,382)
	Stock-in-trade	**33,870,486**	(517,554,428)
	Trade receivables	**(682,591,278)**	(498,754,971)
	Loans and advances	**(7,436,687)**	(2,954,866)
	Prepayments	**743,415**	1,388,813
	Other receivables	**48,548,000**	(11,685,709)
	Sales tax refundable	**(16,992,090)**	44,459,714
		(619,687,429)	(990,613,829)
	Increase in current liabilities:		
	Trade and other payables	**228,663,869**	212,926,161
	Cash generated from / (used in) operations	**336,595,659**	(313,222,221)

35. REMUNERATION OF DIRECTORS AND EXECUTIVES

	2019				2018			
	Chief Executive	Directors Executive	Directors Non-Executive	Executives	Chief Executive	Directors Executive	Directors Non-Executive	Executives
	Rupees				Rupees			
Remuneration	**6,720,000**	**3,600,000**	-	**19,143,853**	5,491,980	2,880,000	-	11,831,472
House rent allowance	**1,680,000**	**1,620,000**	-	**8,614,734**	1,372,992	1,296,000	-	5,324,162
Other allowances	-	**180,000**	-	**957,193**	-	144,000	-	591,574
Retirement benefits	-	**295,890**	-	**1,425,522**	-	236,712	-	862,313
Leave encashment	-	**564,333**	-	**2,838,666**	-	517,415	-	1,882,120
Bonus/ex-gratia	-	-	-	**361,360**	-	-	-	214,521
Meeting fee	-	-	**445,000**	**-**	-	-	420,000	-
	8,400,000	**6,260,223**	**445,000**	**33,341,328**	6,864,972	5,074,127	420,000	20,706,162
No. of persons	**1**	**2**	**2**	**10**	1	2	2	7

35.1 Chief Executive and Executive Directors are provided with free use of the Company's maintained cars and Chief Executive is entitled for reimbursement of utility bills.

36. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors of the Company and key management personnel including chief executive and directors, their close family members and post retirement benefit plans. The Company carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out at agreed terms. There is no balance outstanding with or from associated undertakings. Remuneration of directors and key management personnel are disclosed in note 35 and amount due in respect of staff retirement benefits is disclosed in note 8. Other significant transactions with related parties are as follows:

Nature of relationship	Nature of Transactions	2019 Rupees	2018 Rupees
Associated companies	Purchase of goods	**188,228**	129,815
	Sale of goods	**453,782,760**	437,702,730
	Rental income	**2,195,545**	1,995,950
	Purchase of fixed assets	**10,881,000**	-
	Dividend paid	**12,242,168**	9,181,626
Key management personnel	Payment of dividend to directors and their close family members	**55,744,948**	41,808,711

36.1 Following are the related parties with whom the Company has entered into transactions or have arrangements / agreements in place.

Name of related party	Nature of relationship	Aggregate % holding in the Company
Ellcot Spinning Mills Limited	Common directorship	-
Prosperity Weaving Mills Limited	Common directorship	-
Ellahi International (Private) Limited	Common directorship	0.05%
Haroon Omer (Private) Limited	Common directorship	5.44%
Monell (Private) Limited	Common directorship	5.44%
ICARO (Private) Limited	Common directorship	5.44%
Mr. Shaukat Ellahi Shaikh	Key management personnel	17.47%
Mr. Shafqat Ellahi Shaikh	Key management personnel	17.26%
Mr. Shahzada Ellahi Shaikh	Key management personnel	17.26%
Mr. Javaid Bashir Sheikh	Key management personnel	0.003%
Mr. Tariq Zafar Bajwa	Key management personnel	0.003%
Mr. Tajammal Husain Bokharee	Key management personnel	0.003%
Mr. Raza Ellahi Shaikh	Key management personnel	7.49%
Mr. Munawar Iqbal	Key management personnel	0.00001%
Mrs. Humera Shahzada	Close family member of Key management	0.02%
Mrs. Mona Shaukat	Close family member of Key management	0.02%
Mrs. Shaista Shafqat	Close family member of Key management	0.02%
Mr. Amin Ellahi Shaikh	Close family member of Key management	7.49%
Mr. Haroon Shahzada Ellahi Shaikh	Close family member of Key management	3.74%
Mr. Omer Ellahi Shaikh	Close family member of Key management	3.74%

37. PLANT CAPACITY AND ACTUAL PRODUCTION

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

		2019	2018
Number of spindles installed	No.	**53,748**	53,748
Total number of spindles worked	No.	**53,748**	53,748
Number of shifts per day	No.	**3**	3
Actual number of shifts in a year	No.	**1,093**	1,093
Plant capacity on the basis of utilization converted in to 20s' count	Kgs	**19,088,655**	19,088,655
Actual production converted into 20s' count	Kgs	**17,712,365**	17,520,486

38. FINANCIAL RISK MANAGEMENT

The Company finances its operations through short term borrowing, long term financing and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

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

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2019 which are summarized below;

38.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs. 2,235.89 million (2018: Rs. 1,927.16 million), the financial assets which are subject to credit risk amounted to Rs. 2,082.71 million (2018: Rs. 1,405.07 million). The Company manages credit risk for trade receivables by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

The Company is exposed to credit risk from its operating activities primarily for trade receivables and other receivables, deposits with banks and financial institutions, and other financial instruments. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings i.e. A1+ to A1 in short term and AAA to A for long term.

Credit risk related to receivables

Customers' credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. The management monitors and limits the Company's exposure of credit risk by limiting transactions with specific counter parties and continually assessing their credit worthiness. Outstanding customer receivables are regularly monitored and any shipments to major export customers are generally covered by letters of credit.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables, where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. At June 30, 2019 the Company had approximately 31 (2018: 26) major local customers that owed more than Rs. 3 million each and accounted for approximately 96% (2018 : 95%) of local trade receivables. Export debts amounting to Rs. 1282.25 million (2018 : Rs. 582.82 million) are secured against letters of credit.

38.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of short term borrowings. 71.51% (2018: 77.06%) of the Company's financial liabilities will mature in less than one year based on the carrying value reflected in the financial statements.

38.2.1 Liquidity and interest risk table

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	2019					
	Carrying values	Contractual Cash flows	Less than 3 months	3 months - 1 year	1 - 5 years	More than 5 years
	Rupees					
Financial Liabilities						
Statement of financial position						
Long-term finances	**1,178,596,812**	**1,178,596,812**	**41,705,749**	**117,832,486**	**523,950,778**	**495,107,799**
Short term borrowings	**1,443,682,458**	**1,443,682,458**	**1,443,682,458**	**-**	**-**	**-**
Accrued interest / mark-up	**52,022,463**	**52,022,463**	**52,022,463**	**-**	**-**	**-**
Trade and other payables -	**895,513,176**	**895,513,176**	**895,513,176**	**-**	**-**	**-**
Unclaimed dividend	**7,293,599**	**7,293,599**	**7,293,599**	**-**	**-**	**-**
'non interest bearing						
	3,577,108,508	**3,577,108,508**	**2,440,217,445**	**117,832,486**	**523,950,778**	**495,107,799**

	2018					
	Carrying values	Contractual Cash flows	Less than 3 months	3 months - 1 year	1 - 5 years	More than 5 years
	Rupees					
Financial Liabilities						
Statement of financial position						
Long-term finances	807,479,708	807,479,708	33,190,187	111,754,492	431,488,309	231,046,720
Short term borrowings	1,361,933,897	1,361,933,897	1,361,933,897	-	-	-
Accrued interest / mark-up	25,083,754	25,083,754	25,083,754	-	-	-
Trade and other payables -	687,073,461	687,073,461	687,073,461	-	-	-
Unclaimed dividend	6,488,295	6,488,295	6,488,295	-	-	-
non interest bearing						
	2,888,059,115	2,888,059,115	2,113,769,594	111,754,492	431,488,309	231,046,720

Effective rates of interest are mentioned in respective notes to the financial statements.

38.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk, and other price risk.

Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. The Company has significant amount of interest based financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 1 month, 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account other financing options available.

Interest rate sensitivity analysis

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended June 30, 2019 would decrease/increase by Rs. 6.626 million (2018 : Rs. 2.512 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However, the Company is materially exposed to foreign currency risk on assets. The Company enters into forward foreign exchange contracts to manage the foreign currency exchange risk associated with the anticipated sales. As at June 30, 2019 financial assets include Rs. 1282.25 million (2018: Rs. 582.82 million) which are subject to foreign currency risk against US Dollars.

Foreign currency sensitivity analysis

At June 30, 2019, if the Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, the Company's profit for the year would have increased / decreased by Rs. 64.112 million (2018: increased / decreased by Rs 29.141 million), mainly as a result of foreign exchange gains / losses on translation of US Dollar-denominated trade receivables.

Equity price risk

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

As at reporting date the Company is exposed to equity securities price risk as it has investment amounting to Rs. 433.558 million (2018: 434.248 million) in the shares of quoted companies as mentioned in note-23.

If equity price would have been 10% higher / lower with all others variables held constant, other comprehensive income for the year of the company would have been higher / lower by Rs. 44.05 million (2018: 44.69 million)

38.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

The Company’s objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical business standards;
- risk mitigation, including insurance where it is effective; and
- operational and qualitative track record of suppliers and service providers.

38.5 Financial Instruments by Category

	Loans and receivables	Fair value through other comprehensive income	Total June 30, 2019
	------------ Rupees ------------		
Financial assets as per Statement of financial position			
Long term deposits	1,069,258	-	1,069,258
Trade receivables	1,636,329,352	-	1,636,329,352
Loans and advances	119,340	-	119,340
Other receivables	4,685,762	-	4,685,762
Other financial assets	-	440,510,198	440,510,198
Bank balances	153,178,197	-	153,178,197
	1,795,381,909	440,510,198	2,235,892,107

	Financial liabilities measured at amortized cost	Total June 30, 2019
	----------------- Rupees	----------------
Financial liabilities as per Statement of financial position		
Long-term finances	**1,178,596,812**	**1,178,596,812**
Short-term borrowings	**1,443,682,458**	**1,443,682,458**
Trade and other payables	**896,179,002**	**896,179,002**
Unclaimed dividend	**7,293,599**	**7,293,599**
Accrued interest / mark-up	**52,022,463**	**52,022,463**
	3,577,774,334	**3,577,774,334**

	Loans and receivables	Available for sale	Total June 30, 2018
	------------------------	Rupees	------------------------
Financial assets as per Statement of financial position			
Long term deposits	1,069,258	-	1,069,258
Trade receivables	953,738,074	-	953,738,074
Loans and advances	166,049	-	166,049
Other receivables	3,229,506	-	3,229,506
Other financial assets	-	446,870,005	446,870,005
Bank balances	522,086,846	-	522,086,846
	1,480,289,733	446,870,005	1,927,159,738

	Financial liabilities measured at amortized cost	Total June 30, 2018
	----------------- Rupees	----------------
Financial liabilities as per Statement of financial position		
Long-term finances	807,479,708	807,479,708
Short-term borrowings	1,361,933,897	1,361,933,897
Trade and other payables	687,073,461	687,073,461
Unclaimed dividend	6,488,295	6,488,295
Accrued interest / mark-up	25,083,754	25,083,754
	2,888,059,115	2,888,059,115

39. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and bene?ts for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company is not subject to any externally imposed capital requirements.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of share capital and reserves as well as debts of the Company. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares. The Company's overall strategy remains unchanged since June 30, 2018.

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The carrying value of all the financial instruments reported in the financial statements approximates their fair value as the items are short term in nature.

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

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 the 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 valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on Net Asset Values (NAVs) of the units of the mutual funds and quoted market price of the equity instrument at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The following table presents the Company's financial assets which are carried at fair value:

	June 30, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	---------- **Rupees** ----------			
Financial assets				
- measure at fair value through profit or loss				
Investment in listed equity securities	**89,858,644**	**-**	**-**	**89,858,644**
Investment in mutual funds	**6,952,598**	**-**	**-**	**6,952,598**
- measure at fair value through other comprehensive income				
Investment in listed equity securities	**334,002,347**	**-**	**-**	**334,002,347**
Investment in mutual funds	**9,696,610**	**-**	**-**	**9,696,610**
	440,510,198	**-**	**-**	**440,510,198**

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
	---------- Rupees ----------			
Financial assets				
- At fair value				
available for sale investment				
Investment in listed equity securities	421,062,881	-	-	421,062,881
Investment in mutual funds	25,807,124	-	-	25,807,124
	446,870,005	-	-	446,870,005

At the reporting date, the Company holds above financial assets where the Company has used Level 1 inputs for the measurement of fair values and there is no transfer between levels.

41. OPERATING SEGMENTS

Chief Executive considers the business as a single operating segment as the Company's assets allocation decisions are based on a single, integrated business strategy, and the Company's performance is evaluated on an overall basis. Sales of the Company related to export customers is 50.17 percent (2018: 51.09 percent) . As at year end, all non-current assets of the Company are located within Pakistan.

42. NUMBER OF EMPLOYEES

	-----2019-----	-----2018-----
Number of employees	**Total**	Total
- At June 30	1084	1086
- Average during the year	1085	1089

43. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on September 26, 2019 proposed to distribute to the shareholders of the Company a cash dividend at the rate of 50 percent i.e. Rs. 5 per ordinary share (2018: Rs. 4 per ordinary share). The dividend is subject to the approval by the shareholders of the Company in its forthcoming Annual General Meeting. These financial statements do not reflect the effect of such dividend which will be accounted for in the financial statements of the Company subsequent to the year end, when it is approved by the shareholders of the Company.

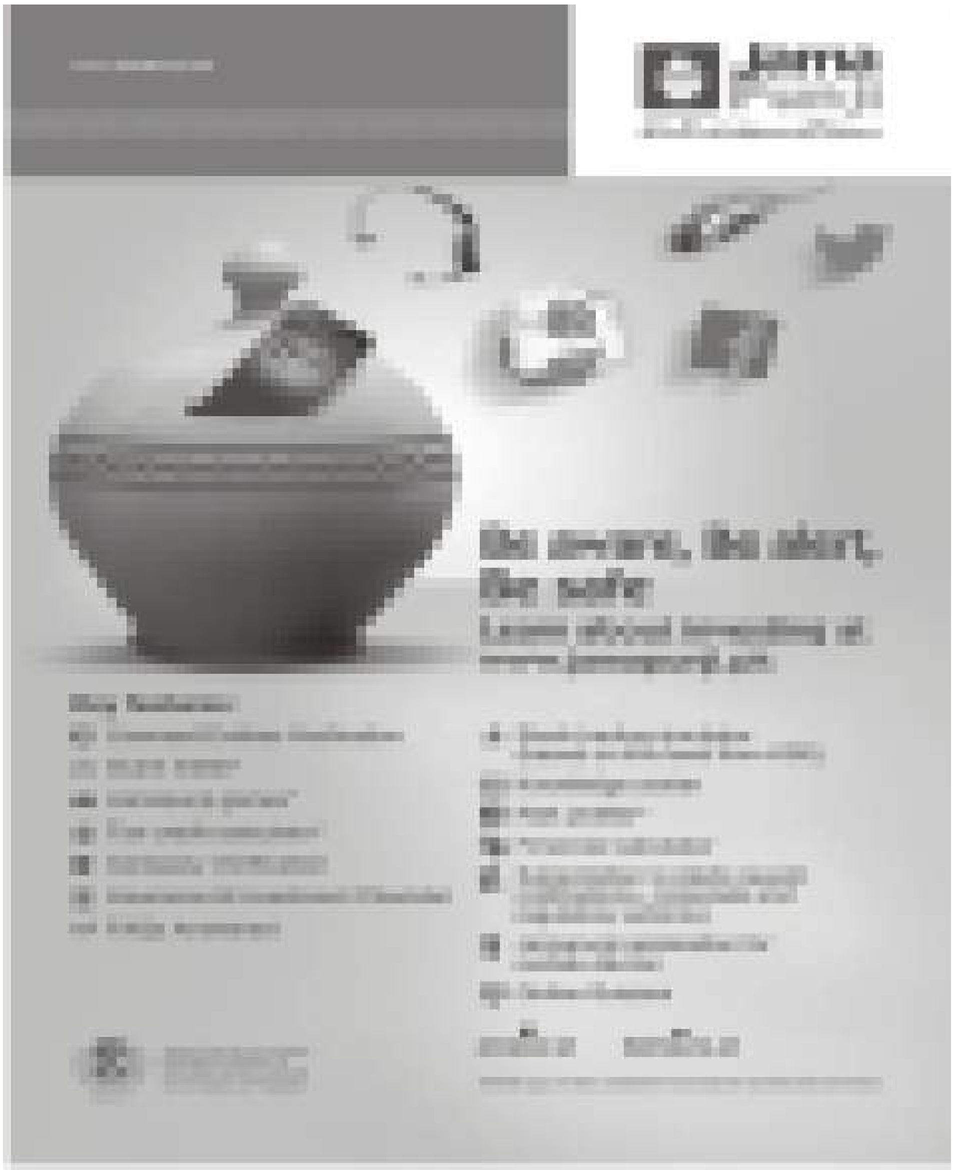
44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 26, 2019 by the Board of Directors of the Company.

45. GENERAL

Figures have been rounded off to the nearest to Rupee. Corresponding figures have been rearranged wherever necessary.

September 26, 2019	**Shahzada Ellahi Shaikh** Chairman	**Tariq Zafar Bajwa** Chief Financial Officer	**Shaukat Ellahi Shaikh** Mg. Director (Chief Executive)



FORM OF PROXY

The Secretary,
NAGINA COTTON MILLS LTD.
2nd Floor, Shaikh Sultan Trust Building No. 2,
26-Civil Lines, Beaumont Road,
Karachi – 75530

I/We ____ of ________________ being member(s) of **NAGINA COTTON 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 52nd Annual General Meeting of the Company to be held on October 28, 2019 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 _______________ 2019.

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 (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.

پراکسی فارم [illegible]

[illegible]

نگینہ کاٹن ملز لمیٹڈ

[illegible]

[illegible]

کراچی-75530

[illegible] ______

[illegible] ______

[illegible]

[illegible]

2019 [illegible]

نوٹ:

1. [illegible]
2. [illegible]
3. [illegible]
4. [illegible]