



Shadman

Cotton Mills Limited

40th ANNUAL REPORT 2019

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VISION STATEMENT

To be a dynamic, profitable and growth oriented Organization through dedication, integrity and professionalism.

MISSION STATEMENT

Our mission is to achieve higher level of sustainable growth and profitability by:

- a) Striving for excellence and sustaining position as a preferred supplier of yarn with a customers focused strategy.
- b) Providing diversified and value added textile products.
- c) Building a long term relationship with our customers, suppliers and other stake holders.
- d) Enhancing the profitability by employing latest technologies for achieving higher levels of efficiency, quality and productivity.
- e) Continuously responding to the changing needs of all our customers.
- f) Nurturing a work culture that generates creativity, enthusiasm, participation and professionalism.
- g) Developing motivation and retaining people to achieve high team performance.
- h) Being a good corporate citizen by fulfilling our social responsibilities.

Shadman Cotton Mills Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	MR. SHAHID MAZHAR (Chief Executive) MRS. GHAZALA SHAHID (Chairperson) MR. AHMED BIN SHAHID MRS. NAUREEN REHAN MR. MUHAMMAD AKHTAR MR. SHAHID MAHMUD MR. NADEEM BHATTI
AUDITORS	MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS
LEGAL ADVISOR	MR. FAZAL MAHMOOD (ADVOCATE)
AUDIT COMMITTEE	MR. NADEEM BHATTI (Chairman) MRS. GHAZALA SHAHID (Member) MRS. NAUREEN REHAN (Member)
H.R. AND REMUNERATION COMMITTEE	MR. NADEEM BHATTI (Chairman) MR. AHMED BIN SHAHID (Member) MR. MUHAMMAD AKHTAR (Member)
CHIEF FINANCIAL OFFICER	MR. SHAHID MAHMUD
COMPANY SECRETARY	MR. MUHAMMAD AKHTAR
BANKERS	ALLIED BANK LIMITED SONERI BANK LIMITED THE BANK OF PUNJAB HABIB BANK LIMITED MEEZAN BANK LIMITED
REGISTERED OFFICE	2-E, BLOCK-G, MUSHTAQ AHMED GURMANI ROAD, GULBERG - II, LAHORE-PAKISTAN TEL: 042-35959121-25 FAX: 042-35959120
HEAD OFFICE	2-E, BLOCK-G, MUSHTAQ AHMED GURMANI ROAD, GULBERG - II, LAHORE-PAKISTAN TEL: 042-35959121-25 FAX: 042-35959120
SHARE REGISTRAR	M/S HAMEED MAJEED ASSOCIATES (PVT.) LTD. H.M.HOUSE, 7-BANK SQUARE LAHORE. TEL: 042-37235081-82 FAX: 042-37358817
MILLS	3.5 K.M. FEROZ WATOAN, WARBURTON ROAD, KOT SHAH MOHAMMAD TEHSIL & DISTRICT: NANKANA SAHIB
URL	www.shadman.com.pk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fortieth Annual General Meeting of the Shareholders of **SHADMAN COTTON MILLS LIMITED** will be held at Company's Registered Office, 2-E, Block-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore on Monday, **October 28, 2019 at 10.30 a.m.** to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Thirty Ninth Annual General Meeting of the members of the Company held on Tuesday, November 27, 2018.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year ending June 30, 2020 and fix their remuneration. The present auditors M/s Mushtaq & Company, Chartered Accountants, retire and being eligible offered themselves for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, approve the disposal of any assets of the company by passing the following resolutions as an ordinary resolution, with or without any modification, addition or deletion in terms of Section 183(3) (a) of the Companies Act 2017:
"RESOLVED, that approval and consent of the general meeting be and is hereby accorded in terms of Section 183(3) (a) of the Companies Act 2017 for the disposal of any assets of the company, if required, as contained in statement of material facts subject to issue of NOC from the concerned bank(s), where required, and that the Chief Executive of the Company be and is hereby authorized to dispose of any assets of the company in such manner, on such basis and on such terms and subject to such conditions and for such consideration as may be deemed in the best interest of the company."

"FURTHER RESOLVED, that the Chief Executive or his nominee(s) / representative(s) be and is/are hereby authorized and empowered on behalf of the company to do so all acts, deeds and things and take all necessary steps including negotiations and signing of the documents, deeds and papers, agreements and all other documents as may be necessary in order to give effect to implement the resolution as aforesaid and all matters connected, necessary and identical thereto."

ANY OTHER BUSINESS:

5. To consider any other business with the permission of the Chair.

Place:Lahore

Dated:October 03, 2019

By order of the Board
(MUHAMMAD AKHTAR)



Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 21, 2019 to October 28, 2019 both days inclusive.
2. A member entitled to attend and vote at the meeting is entitled to appoint another member as a proxy to attend and vote on his/her behalf. Proxy forms duly completed should reach the Registered Office of the Company 48 hours before the time of the meeting.
3. Members are requested to immediately notify the change in their address and also forward a copy of CNIC, if not yet furnished, at the Office of our Registrar Hameed Majeed Associates (Pvt.) Ltd., H.M. House, 7-Bank Square, Lahore.
4. CDC shareholders or their proxies are required to bring with them original CNIC or Passport along with the participant's I.D. number and their account numbers at the time of attending the Meeting in order to authenticate their identity.
5. Pursuant to Section 242 of the Companies Act 2017, all listed companies are mandated to pay dividend only by way of electronic mode, directly into the bank accounts of entitled members designated by them. Accordingly all members who have not yet provided their bank accounts (including 24 digits IBAN) to their participant/CDC Investor Account Service which maintains their CDC Account are requested to provide the same at the earliest, but not later than the first day of book closure, otherwise, the company would be constrained to withhold their amount of dividend, if any, in accordance with requirements of the Act and the Regulation.
6. Securities and Exchange Commission of Pakistan vide SRO No. 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email, those shareholders who are interested in receiving the annual reports electronically in future are required to submit their email address at Registered Office of the Company on a standard request form which is available on Company's website: www.shadman.com.pk.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT 2017

This statement sets out the material facts concerning the Special Business to be transacted at the AGM of the Company to be held on October 28, 2019.

Item No. 4 of the notice- Disposal of any Assets of the Company

Accordingly, the directors have placed the matter before the shareholders for their approval and to pass the ordinary resolution as proposed in the notice of meeting. The directors are not interested, directly or indirectly, in the above business except to the extent of their shareholdings.

سالانہ اجلاس عام کانفرنس

اطلاع دی جاتی ہے کہ شادمان کاؤنٹن ملز لمیٹڈ کا چالیسواں سالانہ اجلاس عام بروز پیر مورخہ 28 اکتوبر 2019 کو صبح 10:30 بجے کمپنی کے رجسٹرڈ دفتر واقع ای بلاک جی مشتاق احمد گرمانی روڈ گلبرگ II لاہور منعقد ہوگا۔ اجلاس میں مندرجہ ذیل امور زیر بحث لائے جائیں گے۔

عام کاروبار

1. 27 نومبر 2018 کو منعقد کیے گئے 39 ویں اجلاس کے منٹس پڑھنا اور تصدیق کرنا۔
2. کمپنی کے سال 30 جون 2019 کے آڈیٹڈ اکاؤنٹس اور اس پر ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی منظوری۔
3. 30 جون 2020 کے لئے آڈیٹرز کا تقرر اور ان کے معاوضے کی منظوری۔ موجودہ آڈیٹر M/s Mushtaq & Company Chartered Accountants جو اس سال ریٹائر ہوئے ہیں اگلے سال کے لئے آڈٹ کی اہلیت رکھتے ہوئے دوبارہ آڈیٹرز کی تقرری کے لئے اپنے آپ کو پیش کرتے ہیں۔

خصوصی کاروبار

4. کمپنیز ایکٹ 2017 کے سیکشن (a) 183(3) کے تحت کمپنی کا کوئی بھی اثاثہ بیچنے کے لیے مندرجہ ذیل عام قراردادیں منظور کی جارہی ہیں۔ اس اجلاس میں یہ قرارداد منظور کی جاتی ہے کمپنیز ایکٹ 2017 کے سیکشن (a) 183(3) کے تحت اگر ضرورت پڑے تو چیف ایگزیکٹو کو یہ اختیار ہوگا کہ وہ کمپنی کا کوئی بھی اثاثہ کمپنی کے بہتر مفاد میں مناسب شرائط اور قیمت پر بینک کی اجازت حاصل کرنے کے بعد کسی کو بھی فروخت کرنے کا مجاز ہوگا۔ مزید یہ قرارداد منظور کی جاتی ہے کہ ان اثاثہ جات کو فروخت کرنے کے لیے چیف ایگزیکٹو کو بھی نامزد کر سکتا ہے یا کسی کو بھی اختیار دے سکتا ہے، اس سلسلہ میں ضرورت پڑنے پر چیف ایگزیکٹو کمپنی کے نمائندے کی حیثیت سے کسی بھی قانونی کاغذ یا معاہدے پر دستخط کرنے کا مجاز ہوگا۔

کوئی اور کاروبار

5. چیئر پرسن کی اجازت سے کمپنی کے دیگر کسی امور کی انجام دہی۔

حکم بورڈ

محمد اختر (کمپنی سیکرٹری)

لاہور 03 اکتوبر 2019

نوٹ:

1. کمپنی کے شیئرز کی کتابیں مورخہ 21 اکتوبر 2019 سے 28 اکتوبر 2019 جن میں دونوں دن شامل ہیں۔ بند رہیں گی۔
2. کوئی بھی ممبر سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا حق کسی بھی کمپنی کے ممبر کو اپنی پراکسی کے طور پر مقرر کرنے کا حق رکھتا ہے۔ جائز پراکسی میٹنگ کیلئے مقرر کردہ وقت سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں جمع کرانی جاسکتی ہے۔
3. شیئرز ہولڈر سے درخواست ہے کہ اپنے کمپنی کے ہائے ہوئے پتہ میں اگر کوئی تبدیلی ہے تو وہ کمپنی کے شیئرز رجسٹرار Hameed Majeed Associates (Pvt.) Ltd. جن کا پتہ H.M. House. 7- Bank Square Lahore پر اطلاع کریں۔
4. CDC شیئرز ہولڈر اپنی پراکسیوں کو ان کی شناخت کی تصدیق کرنے کیلئے سالانہ اجلاس عام میں شرکت کے دوران اصل شناختی کارڈ یا پاسپورٹ اور CDC کے اکاؤنٹس کی تفصیلات لانی ضروری ہے۔
5. کمپنیز ایکٹ 2017 کے سیکشن نمبر 242 کے تحت حصص یافتگان اپنا نقد منافع تقسیمہ بجائے ڈیویڈنڈ اور منٹس کے براہ راست بینک میں وصول کرنے کے لیے لازمی طور پر اپنے بینک اکاؤنٹس کی تفصیلات جمع کرائیں۔ حصص یافتگان اپنے بینک اکاؤنٹ کی تفصیلات (اکاؤنٹ کا نام، کمپل پتہ، بینک کا نام، فولیو نمبر، موبائل نمبر اور ای میل ایڈریس) فراہم کر دیں تاکہ منافع تقسیمہ کی ادائیگی ایکٹریٹیک طریقے سے کی جاسکے۔ بصورت دیگر بینک اکاؤنٹ کی تفصیلات کی عدم موجودگی کے باعث کمپنی اس بات کی پابند ہوگی کہ وہ ان حصص یافتگان کو منافع تقسیمہ کی ترسیم روک دیں۔
6. سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے SRO 787(1)/2014 مورخہ 8 ستمبر 2014 کے تحت شیئرز ہولڈر کو ڈیویڈنڈ مانی گوشوار سے اور منسلک شدہ

معلومات ایڈیٹوریل بھیجوائے جاسکتے ہیں۔ خواہش مند شیئرز ہولڈرز کو گزارش کی جاتی ہے کہ کمپنی کے رجسٹرڈ آفس یا ویب سائٹ سے فارم لے کر اس کو عمل کر کے یہ کام انجام دے لیں۔

کمپنی ایکٹ 2017 کے سیکشن نمبر 34 کے مطابق نوٹس برائے اسپیشل کاروبار برائے منظوری شیئرز ہولڈرز مندرجہ ذیل ہیں۔

یہ گوشوارہ شادمان کاٹن ملز لمیٹڈ کے 28 اکتوبر 2019 کو منعقد ہونے والے چالیسویں اجلاس عام کے نوٹس ہذا کے ہمراہ اور مندرجہ ذیل خصوصی امور سے متعلق ٹھوس حقائق پر مبنی مواد جس میں یا فنڈنگ کی منظوری کیلئے ممبران کو ارسال کیا جا رہا ہے۔

نوٹس کا سیریل نمبر 4۔ کمپنی کا کوئی بھی ایچ 15 بیجے کا اختیار

اس کے مطابق ڈائریکٹرز نے یہ قرار دیا کہ شیئرز ہولڈرز کے اجلاس میں منظوری کے لیے پیش کی ہے۔ ڈائریکٹرز کی اس قرارداد میں اپنی شیئرز ہولڈنگ کے سوا کوئی براہ راست یا بلا واسطہ دلچسپی نہیں ہے۔

CHAIRPERSON'S REVIEW

The composition of the Board of Directors represents mix of varied back grounds and rich experience in the field of business.

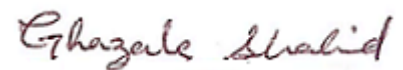
The Board provides strategic directions to the company and directs the management to achieve objectives and goals of the Company.

Annual evaluation of Board of Directors as required under the Code of Corporate Governance has been carried out to measure the performance and effectiveness of the Board against the objectives of the Company set at the beginning of the year and I report that:

1. The overall performance of the Board for the year under review was satisfactory.
2. The Board had full understanding of the vision and mission statements and frequently revisits them to up-date with the changing market conditions.
3. The Board members attended all Board Meetings during the year and participated in important Company's matters.
4. The Board undertook an overall review of business risks to ensure effectiveness of risk identification, risk management and internal controls to safeguard assets and interest of the Company and Shareholders.
5. The Board members regularly received reports on finance/budgets, production and other important matters which helped them to take effective decisions.
6. The Board members were updated with regard to achievement of financial results through regular presentations by the management and accordingly received directions and oversight on a timely basis.

I would like to thank the Board members for their commitments and untiring efforts by overcoming the difficulties posed by unstable market environments.

(Mrs. Ghazala Shahid)



CHAIRPERSON

Place: Lahore

Date: October 04, 2019

DIRECTORS REPROT TO THE SHAREHOLDERS

FOR THE YEAR ENDED JUNE 30, 2019

The Directors are pleased to present the 40th Annual Report of the Company together with Audited Financial Statements and Auditors report thereon for the year ended June 30, 2019.

SUMMARY OF FINANCIAL RESULTS

Following is the brief highlights of the financial results of the Company for the year ended June 30, 2019.

	2019	2018(Restated)
Rupees in Million		
Turnover-net	431.006	546.927
Gross Profit/(Loss)	17.649	(49.343)
Operating Profit/(Loss)	59.385	(63.893)
Profit/(Loss) before Taxation	17.773	(101.687)
Profit/(Loss) after Taxation	12.642	(147.032)

BREAK-UP VALUE AND EARNING PER SHARE

The break-up value of share as on June 30, 2019 is Rs. 28.38 as compared to Rs. 20.84 (restated) as on June 30, 2018. The increase in breakup value is interest free loan from directors repayable at the discretion of the company. The profit per share for the year ended June 30, 2019 is Rs. 0.72 as compared to restated loss per share of Rs. (8.34) of previous year as per computation given below:

	2019	2018(Restated)
Rupees		
Profit/(loss) after Taxation	12,641,569	(147,031,545)
No. of ordinary shares	17,636,719	17,636,719
Profit/(loss) per share	0.72	(8.34)

OVERVIEW

The auditors continued the qualified opinion on reversal of mark-up of Rs. 179.89 million during the year June 30, 2015 and non-recognition of further mark-up thereafter of Bank of Punjab as was reported in the previous year's auditors report. The management is of the view that the financial obligation of the Company to Bank of Punjab has been confined to the amount involved in litigation and as per opinion of our legal counsel any over provision of mark-up which has been reversed in earlier year is not required, consequently no further provision have been recognized.

So far as the qualified opinion of auditors regarding impairment allowance of trade debts of Rs. 16.198 million is concerned, as stated by auditors that this amount is receivable from LESCO against supply of electricity and the matter is in the Court of Law. The management is confident of favorable outcome of this case as per opinion of our legal counsel consequently no impairment allowance has been recognized against these receivables.

Finally, the auditors have also emphasized that due to circumstances described in note 2.2 material uncertainties exists about the company's ability to continue as a going concern. However, the management has prepared the annexed

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financial statements on going concern basis due to reasons explained in note 2.2 to the financial statements. The auditors' opinion is not modified in respect of this matter.

During the year under review, the Company has earned after tax loss of Rs.12.642 million as compared to restated after tax loss of Rs.(147.032) million in previous year. The net turnover in the current year is Rs.431.006 million including export sales of Rs. 42.152 million as compared to Rs. 546.927 million of last year which shows decrease of 21.19% in turnover as a result of decrease in quantity of yarn produced. The company adopted alternative measures other than spinning of yarn which produced favorable financial results during the year.

FUTURE OUTLOOK

It is apparent and evident that Pakistan textile industry is facing an uncertain environment. The industry is facing an unprecedented crises and it seems that these conditions will continue to hit the industry until the government takes radical steps to revive it. In spite of providing relief, the government has recently imposed sales tax on textile products which is leaving very bad impression on buyers of textile products and the market is not absorbing the resultant increase in price of yarn.

However, the management will continue to support the Company in the form of interest free directors' loan for smooth running of its affairs. The Board is planning to exercise further stronger alternate options other than spinning of yarn to strengthen the financial position of the company. We hope that these measures will help to improve the financial performance of the Company in the coming year.

DIVIDEND

The directors have not recommended any dividend in view of weak financial position of the company for the year ended 30th June, 2019.

We confirm that:

- The financial statements have been drawn up in conformity with the Companies Act, 2017 and present fairly the state of its affairs, operating results, cash flow, comprehensive income and changes in equity.
- Proper books of account have been maintained in the manner required under Companies Act, 2017.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The internal control system is being implemented and monitored.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as required by the listing regulations, except as stated otherwise in the statement of compliance with best practices of the code of corporate governance.
- The key operating and financial data for the last six years is annexed to this report.
- Outstanding duties and taxes, if any, have been disclosed in the financial statements.
- The Directors' Report dealing with the performance of the company during the year ended June 30, 2019, future prospects and other matters of concern to the Company forms part of this report.

BOARD OF DIRECTOR'S MEETINGS

The number of Board meetings held during the year 2018-19 was four. The attendance of the directors is as under:-

<u>Sr. #</u>	<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
1.	Mr. Shahid Mazhar	4
2.	Mrs. Ghazala Shahid	4
3.	Mr. Ahmed Bin Shahid	4
4.	Mrs. Naureen Rehan	4
5.	Mr. Muhammad Akhtar	4
6.	Mr. Shahid Mahmud	4
7.	Mr. Nadeem Bhatti	4

Shadman Cotton Mills Limited

- Pattern of shareholding as at June 30, 2019 is annexed to this report.
- The following directors has made transactions in the shares of the company during the year:

- Mr. Shahid Mazhar purchased	1,641,844 Shares
- Mr. Shahid Mahmud purchased	500 Shares
- Mr. Nadeem Bhatti purchased	500 Shares

Except as mentioned above we confirm that Directors, CFO and Company Secretary and their spouse and minor children have made no transactions of the Company's shares during the year.

- The Statement of Compliance with the Code of Corporate Governance is annexed to this report.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

Corporate Social Responsibility (CSR) is about business giving back to society. As routine, we strive to safeguard the health and well-being of our employees, neighbors and customers, as well as the communities in which we live, work and co-operate.

SAFETY, HEALTH & ENVIRONMENT

We maintain a culture of encouraging best health and safety practices amongst our workers by imparting awareness. We are pleased to inform you that there has been no incident of safety and health during the year. The Company actively strives to provide a safe and healthy workplace for its employees toward communities and environment in which it operates. There have been more plantations by increasing the area of green field to improve the environment.

WORK-LIFE BALANCE

In order to promote a health work-life balance, we strictly follow a 9.00 a.m. to 5.00 p.m. working routine. This ensures that our employees have plenty of time after work for extra-curricular activities with their families and friends.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

The Management is committed to conduct all business activities with integrity, honesty and in full compliances with the current laws and regulations. A code of conduct has been developed and approved by the Board, which is signed by all employees.

ENERGY CONSERVATION

The Company has taken many measures at mills premises to conserve the energy by fixing energy conserving devices.

ACKNOWLEDGEMENT

The Directors of the Company would like to take the opportunity to thank the Shareholders, valued clients and bankers for the co-operation extended by them during the course of business activities. The Directors are also pleased to record their appreciation for the continued diligence and devotion of the staff members and workers of the Company.

On behalf of the Board of Directors



Chief Executive Officer

On behalf of the Board of Directors



Director

Place: Lahore

Date: October 04, 2019

مجلس نطماء کی رپورٹ

محترم حصص یافتگان

کمپنی کی مجلس نطماء 40 ویں سالانہ اجلاس میں آپ کا استقبال کرتی ہے اور 30 جون 2019 کو ختم ہونے والے سال کے لیے کمپنی کے ڈائریٹر سے نظر ثانی شدہ حسابات کے ساتھ سالانہ رپورٹ پیش ہے۔

مالیاتی نتائج

کمپنی کے مالیاتی نتائج تفصیلی شکل میں حسب ذیل ہیں:-

روپے ملین میں		
30 جون 2018 (اعادہ)	30 جون 2019	
546.927	431.006	خالص فروخت
(49.343)	17.649	مجموعی نفع / (نقصان)
(63.893)	59.385	اپریٹنگ نفع / (نقصان)
(101.687)	17.773	قبل از ٹیکس نفع / (نقصان)
(147.032)	12.642	بعد از ٹیکس نفع / (نقصان)

نئی مارکیٹ کی قیمت اور فی شیئر نقصان

زیر جائزہ سال کا اختتام 30 جون 2019 کو فی شیئر نئی مارکیٹ کی قیمت 28.38 روپے ہے جب کہ پچھلے سال کا اختتام پر 30 جون 2018 (اعادہ) کو یہی قیمت 20.84 روپے تھی۔ نئی مارکیٹ کی قیمت میں فی شیئر اضافہ کی وجہ ڈائریکٹرز کا سود سے پاک سرمایہ ہے فی شیئر نقصان گذشتہ سال (8.34) روپے فی شیئر (اعادہ) کے مقابلے میں اس سال فی شیئر نفع 0.72 روپے ہے۔

مجموعی جائزہ

پچھلے سال کی طرح بینک آف پنجاب کے مارک اپ کی الطافی 179.890 ملین روپے اور اس پر اگلی مدت کا مارک اپ درج نہ کرنے پر محاسب نے اس سال بھی اعتراض کیا ہے۔ جب کہ کمپنی کی انتظامیہ کے مطابق جو مارک اپ حسابات میں پہلے سے لیا ہوا ہے کافی ہے۔ جیسا کہ کمپنی کے قانونی مشیر نے مشورہ دیا ہے کہ اس سے زیادہ مارک اپ حسابات میں درج کرنے کی کوئی ضرورت نہیں ہے۔

محاسب نے تجارتی گاؤں سے لینے والے 16.198 ملین روپے وصول نہ ہونے پر اس کے برعکس پروویژن نہ رکھنے پر اعتراض کیا ہے۔ اس کے متعلق انتظامیہ کی رائے ہے کہ یہ ایک ہی اہم پارٹی لاہور ایئرکریکٹ سپلائی کمپنی کا ہے۔ جس کا کہیں عدالت میں زیر التوا ہے اور ہمارے قانونی مشیر کے مطابق یہ کہیں ہمارے حق میں فیصلہ ہونے کے قوی امکانات ہیں اس لئے کمپنی نے اس کے برعکس کوئی پروویژن نہیں رکھی۔

آخر میں محاسب نے اس سال کے حسابات کی رپورٹ میں درج 2.2 نمبر پر کمپنی کا کاروبار چلنے کے حالات پر اپنے تشویشی خیالات کا اظہار کیا ہے۔ جب کہ کمپنی انتظامیہ نے یہ حسابات چالو کاروباری حالت کو مد نظر رکھتے ہوئے بنائے ہیں تاہم محاسب کو ان حالات پر جو کہ حسابات میں درج 2.2 نمبر پر کوئی اعتراض نہیں ہے۔

زیر جائزہ سال کے دوران کمپنی نے بعد از ٹیکس 12.642 ملین روپے کا نفع کمایا ہے اس کے مقابلے میں پچھلے سال اسی مدت میں اعادہ بعد از ٹیکس نقصان (147.032) ملین روپے تھا۔ زیر جائزہ سال کے دوران مجموعی فروخت 431.006 ملین روپے جس میں 42.152 ملین روپے بیرون ملک برآمدات شامل ہیں جب کہ پچھلے سال کے دوران یہی مجموعی فروخت 546.927 ملین روپے تھی جو کہ سود کی پیداواری مقدار میں کمی کی وجہ سے 21.19 فی صد کم ہوئی ہے۔ کمپنی نے متبادل آمدنی کے ذرائع کو استعمال کر کے اس سال کے دوران یہ منافع کمایا ہے۔

مستقبل کے تناظر

اس وقت پاکستان کی ٹیکسٹائل کی صنعت کو غیر یقینی حالات کا سامنا ہے۔ یہ غیر یقینی حالات گورنمنٹ کی پالیسیوں میں تبدیلی سے ہی ٹھیک کیے جاسکتے ہیں۔ گورنمنٹ نے رعایت دینے کی بجائے دھماگے پر مزید سلیڈ ٹیکس عائد کر دیا ہے جس کی وجہ سے منڈی میں بہت غیر یقینی کی فضا چل رہی ہے اور ڈیر ہا ریز بڑی ہوتی قیمت ادا کرنے کے لیے تیار نہیں ہے۔

تاہم انتظامیہ ضرورت پڑھنے پر کمپنی کے حالات بہتر کرنے کے لئے ڈائریکٹرز سے سود سے پاک سرمایہ فراہم کرنے کو تیار ہیں گے۔ اس کے علاوہ اسی انتظامیہ مختلف طریقوں سے نقدی کے بہاؤ کو بہتر بنانے کے طریقوں پر بہت زور دینے سے منسو بہ بندی کر رہی ہے۔ امید ہے یہ تمام اقدامات کمپنی کے مالی حالات بہتر بنانے میں کارگر ثابت ہوں گے۔

منافع مختصر

بورڈ آف ڈائریکٹرز نے کمپنی کی کمزور مالی حالت کو مد نظر رکھتے ہوئے حصص یافتگان کو کسی قسم کا کوئی منافع نہ دینے کی سفارش کی ہے۔

کارپوریت اور مالیاتی رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو کمپنی ایکٹ 2017 کے مطابق منصفانہ طور پر ظاہر کیا گیا ہے۔
- کمپنی کے کھاتہ جات کمپنی ایکٹ 2017 کے مطابق بالکل صحیح طور سے جانے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل کے ساتھ لاکھیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور آئیندہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاکوٹین الاقوامی مالیاتی رپورٹنگ کی پیروی کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن منظم ہے اور انکی موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔
- کمپنی کا کاروبار چالو حالت میں ہونے کی صلاحیت پر کوئی قابل ذکر شک نہیں ہے۔
- کارپوریت اور مالیاتی انتظام میں کسی قسم کی کوئی قابل ذکر تبدیلی نہیں ہے۔ سوائے اس کے کہ جو کارپوریت اور مالیاتی رپورٹنگ فریم ورک کی رپورٹ میں ظاہر کیا گیا ہے۔
- گذشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا اس رپورٹ کے حصہ اہلک ہے۔
- ٹیکس اور ڈیویڈنڈ کو حسابات کی مناسب ڈبلیو میں بیان کیا گیا ہے۔
- ڈائریکٹرز کی کمپنی کی کارکردگی، مستقبل کے نقطہ نظر کے مطلق اور دیگر معاملات کی رائے اس سالانہ رپورٹ کے حصہ اہلک ہیں۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے اور ان اجلاسوں میں حاضری حسب ذیل ہے۔

نام ڈائریکٹر تعداد حاضری

جناب شاہد ظہیر	4
محترمہ مغز الد شاہد	4
جناب احمد بن شاہد	4
محترمہ نورین ریحان	4
جناب محمد اختر	4
جناب شاہد محمود	4
جناب مذہب بھٹی	4

- حصص کا طریقہ کار کی معلومات اس سالانہ رپورٹ کے حصہ اہلک ہیں۔

- رواں سال کے دوران کمپنی کے ڈائریکٹرز شاہد ظہیر نے کمپنی کے 1,641,844 حصص، شاہد محمود 500 حصص اور مذہب بھٹی نے 500 حصص بلڈر شپ پر اری کی ہے۔ ہم تصدیق کرتے ہیں کہ اس کے علاوہ رواں سال کے دوران ڈائریکٹروں اور چیف نائٹل آفیسریا ان سب میں سے کسی کے شریک حیات یا بالغ بچوں میں سے کسی نے کمپنی کے حصص کی خرید و فروخت نہیں کی۔
- کارپوریت اور مالیاتی فریم ورک پر عملدرآمد کے مطابق بیان اس سالانہ رپورٹ کے حصہ اہلک ہے۔

کارپوریت سماجی ذمہ داری

کمپنی تسلیم کرتی ہے کہ معاشرہ کو اقتصادی فوائد پہنچانا کامیاب اور پائیدار کاروبار کی کلید ہے۔ ہم اپنے ملازمین، بحسبے، گاہکوں اور محسوس کمیونٹی میں ہم رہتے ہیں ان کی صحت کی حفاظت اور بہتری کیلئے کوشاں ہیں۔

صحت، حفاظت اور ماحول

ہم اپنے ملازمین کے لئے محفوظ اور صحت مند کام کا ماحول یقینی بنانے کے لئے مسلسل کام کرتے ہیں۔ ہمیں یہ بتاتے ہوئے خوشی محسوس ہوتی ہے کہ رواں سال کے دوران حفاظت اور صحت کے لحاظ سے کسی قسم کا کوئی نہ خوشگوار واقعہ پیش نہیں آیا۔ اس کے علاوہ کمپنی نے ماحول کو صاف ستھرا رکھنے کیلئے مزید درخت لگائے ہیں۔

کام اور زندگی کا توازن

صحت کا کام اور زندگی کے توازن کو فروغ دینے کے لئے ہم سبھی صبح 9:00 بجے تا سہ پہر 5:00 بجے تک معمول کے مطابق عمل کرتے ہیں۔ یہ یقینی بنانا ہے کہ ہمارے ملازمین کے پاس کام کے بعد اپنے اہل خانہ اور دوستوں کے ساتھ غیر نصابی سرگرمیوں کے لئے کافی وقت میسر ہوتا ہے۔

کاروباری اخلاقیات اور پیش کرپشن کے اقدامات

انتظامیہ سالیمت ایمانداری اور موجودہ قوانین و ضوابط کی مکمل پاسداری کے ساتھ تمام کاروباری سرگرمیوں کو منظم کرنے پر کاربند ہے۔ بورڈ کی طرف سے ایک ضابطہ اخلاق تیار کیا گیا ہے جس پر تمام ملازمین کے دستخط ہیں۔

بکلی کی بچت

کمپنی نے مل کے احاطہ میں بکلی کی بچت کے آلات نصب کر کے توانائی کے تحفظ کے کئی اقدامات کئے ہیں۔

شکرگزار

بورڈ کمپنی کے حصصیاء، فنڈنگ، گاہکوں، مالیاتی اداروں، ایگزیکٹوز، مینجمنٹ اور کارکنوں کی مختلف کوششوں کا شکرگزار ہے۔

منجانب بورڈ



چیف ایگزیکٹو

لاہور 4 اکتوبر 2019

STATEMENT OF COMPLIANCE

With the Code of Corporate Governance for the year ended June 30, 2019.

Shadman Cotton Mills Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") in the following manner:

1. The total number of directors are seven as per following:
 - a) Male: Five
 - b) Female: Two
2. The composition of Board of Directors ("the Board") is as follows:

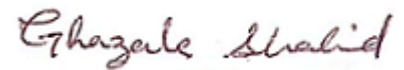
Category	Name
Independent Director	Mr. Nadeem Bhatti
Executive Directors	Mr. Shahid Mahmud Mr. Muhammad Akhtar
Non-Executive Directors	Mrs. Ghazala Shahid (Chairperson) Mr. Shahid Mazhar (Chief Executive) Mr. Ahmed Bin Shahid Mrs. Naureen Rehan

3. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
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 prepared a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with dates on which they were approved or amended has been maintained.
6. All the powers of Board have been duly exercised and decision on relevant matters have been taken by the Board / shareholders as empowered by relevant provisions of the Companies Act, 2017 ("the Act") and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of Directors has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and these regulations.
9. In accordance with criteria specified in clause (xi) of CCG, one director of the company is exempted from the requirement of Directors' training program, one director is certified and the rest of the directors to be trained. However, no director obtained training during the year.
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 Regulation.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

Shadman Cotton Mills Limited

12. The Board has formed committees comprising of members given below:
 - a) Audit Committee
 - Mr. Nadeem Bhatti (Chairman)
 - Mrs. Ghazala Shahid
 - Mrs. Naureen Rehan
 - b) HR and Remuneration Committee
 - Mr. Nadeem Bhatti (Chairman)
 - Mr. Ahmed Bin Shahid
 - Mr. Muhammad Akhtar
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the aforesaid committees were as per following:
 - a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2019.
 - b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2019.
15. The Board has set up an effective internal audit function team who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given satisfactory rating under the quality control review program of 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, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

(Mrs. Ghazala Shahid)



CHAIRPERSON

Place: Lahore

Date: October 04, 2019

**Key Operating & Financial Data
For the Period from July 2013 to June 2019**

PARTICULARS	July-June 2018-2019	July-June 2017-2018	July-June 2016-2017	July-June 2015-2016	July-June 2014-2015	July-June 2013-2014
Net Sales Revenue	431,005,657	546,927,040	412,548,682	709,838,580	1,175,182,874	2,704,995,003
Cost of Goods Sold	(413,356,190)	(596,269,741)	(481,530,678)	(842,819,315)	(1,300,007,886)	(2,704,680,340)
Gross Profit / (Loss)	17,649,467	(49,342,701)	(68,981,996)	(132,980,735)	(124,825,012)	314,663
Operating Profit/(Loss)	59,384,617	(63,892,751)	(54,191,427)	(175,397,630)	88,104,876	(70,890,818)
Profit/ (Loss) Before Tax	17,773,262	(101,686,957)	(97,609,730)	(175,816,394)	23,909,561	(37,296,905)
Profit/ (Loss) After Tax	12,641,569	(147,031,545)	(83,426,507)	(139,727,664)	12,844,016	(67,877,044)
Paid Up Capital	176,367,190	176,367,190	176,367,190	176,367,190	176,367,190	176,367,190
Current Assets	160,691,801	167,498,401	200,950,427	445,971,074	382,389,837	508,873,781
Current Liabilities	728,065,147	935,123,489	961,091,103	1,143,749,201	970,478,947	1,102,189,730
Production in '000' Kgs	1,240	3,620	1,094	6,704	7,147	9,833

Shadman Cotton Mills Limited

Independent Auditor's Review Report

To the members of Shadman Cotton Mills Limited on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Shadman Cotton Mills Limited 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.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph Reference Description

Paragraph Reference Description

9	During the year no director attended Director's Training Program and one director meeting the exemption criteria have not yet claimed his exemption.
10	CFO appointed by the Company is a graduate with more than seven years of managerial experience. However, no application is filed by to Company to SECP for suitability of the candidate.
15	Head of Internal Audit appointed by the company is a graduate with more than seven years of managerial experience. However, no application is filed by the Company to SECP for suitability of the candidate.

Place: Lahore

Dated: October 04, 2019

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Zahid Hussain Zahid, ACA

Independent auditor's report to the members of Shadman Cotton Mills Limited Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Shadman Cotton Mills Limited ('the Company'), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of 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 except for the effects of the matters described in the Basis for Qualified Opinion section of our report, 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, the statement of 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, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified 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.

- a) As referred to in note 18.1.3 to these financial statements, during the year ended June 30, 2015, the company has reversed accrued interest/markup amounting to Rs.179.89 million payables to The Bank of Punjab based on the advice of the Company's legal advisor. Further the company has not recognized interest/markup on debt finances from July 01, 2015 to June 30, 2018 amounting to Rs.133 million and Rs.50.91 million during current year ended June 30, 2019 based on the advice of the Company's legal advisor. As a result of reversal, the interest/markup recognized in payable to The Bank of Punjab stands at 103.52 million as at June 30, 2019 as against Rs. 633.43 million claimed by bank including cost of funds. Had the reversal not been made and liability for interest/markup been recognized, the accumulated losses would have been higher by Rs. 363.80 million and profit for the period would have been reduced by Rs.50.91 million. The book balance of Running Finance facility from The Bank of Punjab is not reconciled with direct confirmation from the bank. There is a difference of Rs. 2.861 million between two sources. In the matter of Habib Bank Limited, Company had not recognized expenses for the cost of suit and cost of funds on outstanding liability, the case is decreed in favour of Habib Bank Limited by the Banking Court, appeal of which had been filed in Honorable Lahore High Court. In the absence of any estimate, we are unable to calculate its impact on the financial statements.
- b) As referred in note 11.1 this liability of Rs. 18.316 million was payable to Excise and Taxation Officer (ETO) Government of Sindh. Company had filed the suit against ETO in Sindh High Court against this levy. No copy of suit filed provided to us neither legal advisor confirmed this suit in his direct confirmation.
- c) Trade debts includes an amount receivable from LESCO of Rs. 16.198 million, this receivable is past due since 30th June, 2011. The balance is not directly confirmed by the party as the said balance is also under litigation. In our opinion, this past due balance has been impaired but no loss allowance in respect of this receivable balance has been made in the financial statements.

Material Uncertainty Related to Going Concern

We draw attention to note 2.2 in the financial statements which indicates that as at June 30, 2019, the Company has accumulated losses of Rs. 355.84 million. Its current liabilities exceed its current assets by Rs. 567.37 million. The Company has defaulted in repayment of its debt finances and interest/markup thereon amounting to Rs. 539.74 million. The providers of debts finances have filed recovery suits for recovery of these debts finances and interest/markup thereon. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. Our opinion is not modified in respect of this matter.

Key Audit Matter(s)

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

In addition to matter described in *Basis for Qualified Opinion and Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report:

Key audit matter(s)	How the matter was addressed in our audit
<p>Contingent Liabilities</p> <p>The Company has disclosed significant open legal cases and other contingencies in Note 18. The assessment of the existence of the present legal obligation, and analysis of a reliable estimate, requires management's judgement to ensure appropriate accounting or disclosures.</p> <p>Due to the level of judgement relating to recognition, valuation and presentation of provisions and contingent liabilities, this is considered to be a key audit matter.</p>	<p>As part of our audit procedures we have assessed management's processes to identify new possible obligations and changes in existing obligations for compliance with IAS 37 requirements.</p> <p>We have analyzed significant changes from prior periods and obtained an understanding of these items and assumptions applied.</p> <p>We have obtained legal representation letters on the main outstanding legal cases. As part of our audit procedures we have reviewed minutes of board meetings.</p> <p>We have held regular meetings with management and legal counsels. We have assessed the appropriateness of presentation in the financial statements.</p>

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

Management is responsible for the other information. The other information comprises directors' report and last six years' financial analysis 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

Shadman Cotton Mills Limited

date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provided 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 except for the matters referred in Basis for Qualified Opinion section of our report, 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) no zakat was deductible at source under the "*Zakat and Ushr*" Ordinance, 1980 (XVIII of 1980).

Other Matter Paragraph

The financial statements of the Company for the year ended June 30, 2018 were audited by another auditor who expressed a modified opinion on those statements as on November 06, 2018.

The engagement partner on the audit resulting in this independent auditor's report is Zahid Hussain Zahid, ACA.

MUSHTAQ & CO

Chartered Accountants

Lahore.

Dated: October 04, 2019

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	Note	2019	2018
		Rupees	(Restated) Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized share capital</i>			
18,000,000 (2018: 18,000,000) ordinary shares of Rs. 10 each		<u>180,000,000</u>	<u>180,000,000</u>
Issued, subscribed and paid-up capital	7	176,367,190	176,367,190
Capital reserve	8	53,218,752	53,218,752
Accumulated losses		(355,834,416)	(408,113,726)
Equity portion of Director's loan	14	120,000,000	-
Surplus on revaluation of property, plant and equipment	9	506,785,111	546,053,347
TOTAL EQUITY		500,536,637	367,525,563
NON-CURRENT LIABILITIES			
Long term finances - secured	10	-	-
Deferred liabilities	11	21,251,163	22,214,872
		21,251,163	22,214,872
CURRENT LIABILITIES			
Trade and other payables	12	143,208,370	254,816,161
Accrued interest/markup	13	103,514,885	103,514,885
Short term borrowings	14	341,546,148	435,717,148
Current portion of non-current liabilities	15	105,968,864	105,968,864
Lease rentals payables	16	28,544,690	28,544,690
Provision for taxation	17	5,282,190	6,561,741
		728,065,147	935,123,489
TOTAL LIABILITIES		749,316,310	957,338,361
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		<u>1,249,852,947</u>	<u>1,324,863,924</u>

The annexed notes 1 to 56 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	1,060,980,372	1,129,499,938
Long term deposits - <i>unsecured, considered good</i>	20	28,180,774	27,865,585
Deferred taxation	21	-	-
		1,089,161,146	1,157,365,523
CURRENT ASSETS			
Stores, spares and loose tools	22	13,778,882	55,730,572
Stock in trade	23	15,479,636	60,747,497
Trade debts - <i>unsecured</i>	24	76,378,150	18,756,676
Loans and advances	25	9,308,087	9,720,021
Trade deposits and short term prepayments	26	3,500,000	3,500,000
Other receivables	27	5,851,796	2,814,094
Tax refunds due from Government	28	12,218,236	13,654,342
Short term investments	29	62,279	70,511
Cash and bank balances	30	24,114,735	2,504,688
		160,691,801	167,498,401
TOTAL ASSETS		1,249,852,947	1,324,863,924

The annexed notes 1 to 56 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Shadman Cotton Mills Limited

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

	Note	2019 Rupees	2018 Rupees (Restated)
Turnover - net	31	431,005,657	546,927,040
Cost of sales	32	(413,356,190)	(596,269,741)
Gross profit/ (loss)		17,649,467	(49,342,701)
Selling and distribution expenses	33	(3,195,149)	(5,098,269)
Administrative and general expenses	34	(20,602,516)	(21,442,012)
		(23,797,665)	(26,540,281)
Other income	35	65,532,816	11,990,231
Operating profit/ (loss)		59,384,618	(63,892,751)
Finance cost	36	(277,188)	(543,338)
Other expenses	37	(41,334,167)	(37,250,868)
Profit/ (Loss) before taxation		17,773,263	(101,686,957)
Taxation	38	(5,131,694)	(45,344,588)
Profit/ (Loss) after taxation		12,641,569	(147,031,545)
Profit/ (Loss) per share - basic and diluted	39	0.72	(8.34)


The annexed notes 1 to 56 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Shadman Cotton Mills Limited

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

	Note	2019 Rupees	2018 Rupees (Restated)
<i>Profit/ (Loss) for the year</i>		12,641,569	(147,031,545)
Other comprehensive income			
Item that will not be subsequently reclassified to profit or loss:			
- Remeasurement of net defined benefit liability	11.2.4	520,429	(393,803)
- Deferred tax on remeasurement of staff retirement benefits		(150,924)	114,203
- Revaluation surplus on PPE	9	-	55,985,538
- Deferred tax on revaluation surplus of PPE		-	37,689,863
Total comprehensive Income/ (Loss)		13,011,074	(53,635,744)

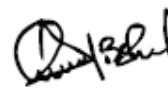
The annexed notes 1 to 56 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

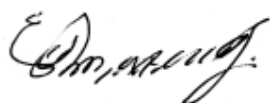
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in)/ generated from operations	40	(46,302,986)	2,423,232
Payments for:			
Employees retirement benefits		(1,719,076)	(1,438,327)
Interest/markup on borrowings		(277,188)	(153,336)
Income tax		(5,126,063)	(2,839,517)
Net cash (Used in)/ generated from operating activities		(53,425,312)	(2,007,948)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		52,780,000	24,425,000
Purchase of property, plant and equipment		(3,258,452)	(5,726,369)
Long term deposit		(315,189)	(421,156)
Net cash (used in)/ generated from investing activities		49,206,359	18,277,475
CASH FLOW FROM FINANCING ACTIVITIES			
Net Increase in short term borrowings		25,829,000	(14,340,693)
Net cash from/ (used in) financing activities		25,829,000	(14,340,693)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21,610,047	1,928,834
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR		2,504,688	575,854
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	41	24,114,735	2,504,688

The annexed notes 1 to 56 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Shadman Cotton Mills Limited

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

	Issued Subscribed and paid-up capital	Capital Reserve	Accumulated Losses	Equity portion of Director's loan	Surplus on revaluation of property, plant and equipment (Net of Def. tax)	Total Equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2017	176,367,190	53,218,752	(283,352,405)	-	474,927,770	421,161,307
Loss for the year	-	-	(147,031,545)	-	-	(147,031,545)
Other Comprehensive Income/ (loss) for the year	-	-	(279,600)	-	93,675,401	93,395,801
Transaction with owners	-	-	-	-	-	-
Current year incremental depreciation - net of deferred tax	-	-	22,549,824	-	(22,549,824)	-
Balance as at June 30, 2018 (Restated)	<u>176,367,190</u>	<u>53,218,752</u>	<u>(408,113,726)</u>	<u>-</u>	<u>546,053,347</u>	<u>367,525,563</u>
Balance as at July 01, 2018 - (Restated)	176,367,190	53,218,752	(408,113,726)	-	546,053,347	367,525,563
Profit for the year	-	-	12,641,569	-	-	12,641,569
Other comprehensive Income for the year	-	-	369,505	-	-	369,505
Transaction with owners	-	-	-	-	-	-
Current year incremental depreciation - net of deferred tax	-	-	8,080,788	-	(8,080,788)	-
Surplus adjustment due to disposal of Land and building	-	-	31,187,448	-	(31,187,448)	-
Transferred from Liability portion of Director's loan	-	-	-	120,000,000	-	120,000,000
Balance as at June 30, 2019	<u>176,367,190</u>	<u>53,218,752</u>	<u>(355,834,416)</u>	<u>120,000,000</u>	<u>506,785,111</u>	<u>500,536,637</u>

The annexed notes 1 to 56 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Notes to the Financial Statements For the Year Ended June 30, 2019

1 THE COMPANY AND ITS OPERATIONS

1.1 Shadman Cotton Mills Limited ('the Company') was incorporated in Pakistan as a public limited company on November 24, 1979 and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and sale of yarn. The registered office of the Company is situated at 2/E, Block G, Mushtaq Ahmed Gurmani Road, Gulberg II, Lahore. Manufacturing facilities and land covering 358 Kanals of the company is located at 3.5 K.M, Feroz Watoan, Warburton Road, Kot Shah Mohammad tehsil, Nankana Sahib.

2 Basis of Preparation

2.1 Statement of compliance

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

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

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

2.2 Appropriateness of the going concern assumption

The Company has been facing operational losses mainly due to decrease in selling prices in local as well as international markets, the on-going power crises, dumping of Indian yarn at low prices along with other factors, including economic instability and unfavorable textile policy of the Government, affecting the textile industry. The Company has not been able to utilize its production capacity at an optimum level due to which the desired profitability remained unachieved.

As a result, the company has accumulated losses of Rs. 355.834 million as at the reporting date. The company's current liabilities exceeds its current assets by Rs. 567.373 million. The company has negative operating cash flows amounting to Rs 53.425 million during the year ended June 30, 2019. The Company has defaulted in repayment of its debt finances and interest/mark-up thereon amounting to Rs. 539.74 million. The providers of debt finances have filed recovery suits for recovery of these debts finances and interest/mark-up thereon. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis based on the following:

- a) In the opinion of Company's legal counsel the ongoing litigation between the Company and The Bank of Punjab regarding recovery of debt finances and interest/mark-up thereon will take a few years to conclude as such the Company will be able to settle its liabilities to The Bank of Punjab through the stream of cash flows from future sales.

- b) The management is taking steps towards reduction of fixed cost and rationalization of other expenses including right sizing of man power, resource conservation and close monitoring of fixed cost.
- c) The management has started utilizing the doubling segment considering the demand of doubled yarn in local and international markets and Company have plans to continue to generate revenue by doubling of yarn.
- d) Directors have conveyed their commitment for providing continued financial support.

2.3 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements, all transactions have been accounted for on accrual basis.

2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 45 to these financial statements.

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year :

Following standards, amendments and interpretations are effective for the year beginning on or after July 01, 2018. 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.

- ❑ IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model.

- ❑ IFRS 15 'Revenue from contracts with customers' – This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company. However, related changes to the accounting policies have been made in these financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on January 1, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.5.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company

- ❑ The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:
- ❑ IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.
- ❑ IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after January 01, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.
- ❑ There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the company and therefore have not been presented here.

3 Summary of Significant Accounting Policies

3.1 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.2 Employee benefits

Short term employees benefits

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

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post retirement benefits

Defined benefit plans

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Actuarial gains and losses are recognized in comprehensive income for the period in which these arise.

3.3 Taxation

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

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.4 Provisions

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

3.5 Trade and other payables

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

3.6 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

3.7 Property, plant and equipment and depreciation

Owned assets

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

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is material.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

3.8 Capital work in process

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.9 Financial assets and liabilities

Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Fair value through other comprehensive income

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.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Derecognition

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Financial Liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

Derecognition

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

3.10 Impairment

Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.12 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.13 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

Raw material	At weighted average cost or replacement cost whichever is lower
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost or net realizable value whichever is lower
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.14 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently after deducting allowance for ECLs.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

3.16 Revenue recognition

Revenue from sale of goods is recognised when control of goods is transferred to customers.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

3.17 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.18 Ijarah

Leases in which the significant portion of risks and rewards and ownership is retained by the lessor are classified as Ijarah. Payments made under Ijarah agreements are charged to statement of profit or loss on straight line basis over the lease term of Ijarah agreement.

3.19 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences, if any, are taken to profit and loss account.

3.20 Transactions with related party

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Act, 2017.

4 Capital Management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further the company is not subject to externally imposed capital requirements.

5 RECTIFICATION OF ERROR

In the previous year there was errors in the calculation of revaluation surplus on the buliding and plant and machinery. The rectification of error has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of rectification of error is summarised below.

	As at June 30, 2018		
	As previously reported	Re-statement Revaluation Surplus	As re-stated
	-----Rupees-----		
Effect on balance sheet			
Property, plant and equipment	1,222,974,041	(93,474,103)	1,129,499,938
Revaluation surplus on property plant and equipment	589,238,613	(43,185,266)	546,053,347
Investment Property	-	-	-
Accumulated Losses	(357,824,889)	(50,288,837)	(408,113,726)
Effect on statement of changes in equity			
Revaluation surplus on property plant and equipment	589,238,613	(43,185,266)	546,053,347
Accumulated losses	(357,824,889)	(50,288,837)	(408,113,726)
Effect on statement of profit or loss			
Cost of sales	(596,269,741)		(596,269,741)
Other operating expenses	(4,601,084)	(32,649,784)	(37,250,868)
Taxation	(27,591,332)	(17,639,052)	(45,230,385)

There was no effect on statement of cash flows due to retrospective application of change in accounting policy.

6 CHANGE IN ACCOUNTING ESTIMATE

During the year, the management of the company has changed its estimate with regards to depreciation of building and plant & machinery, after detailed review by a certified reviewer and technical team of the company. The average life of the building, plant and machinery has been re-estimated more as against past level of estimates. Depreciation rate on building and plant and machinery has been decreased from 5 to 2.5 percent on reducing balance method. The change in estimate is dealt under International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had the previous rate of depreciation been used, profit for the year would have been decreased by Rs. 14.744 million and the written down value of operating fixed assets would have been decreased by the same amount. The impact of change of this estimate in future periods is not disclosed because estimating the effect in future periods is impracticable.

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7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
<i>No. of shares</i>	<i>No. of shares</i>		<i>Rupees</i>	<i>Rupees</i>
Ordinary shares of Rs. 10 each				
11,627,344	11,627,344	Issued for cash	116,273,440	116,273,440
6,009,375	6,009,375	Issued as fully paid bonus shares	60,093,750	60,093,750
<u>17,636,719</u>	<u>17,636,719</u>		<u>176,367,190</u>	<u>176,367,190</u>

8 CAPITAL RESERVE

This represents premium on issue of right ordinary shares recognized under Section 83(1) of the repealed Companies Ordinance, 1984.

<i>Note</i>	2019	2018
	<i>Rupees</i>	<i>Rupees</i>

9 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT (NET OF DEFERRED TAX)

As at beginning of the year	546,053,347	474,927,770
Surplus arising on land	-	168,302,500
Surplus arising on building	-	65,808,261
Surplus reversal on plant & machinery	-	(178,125,223)
	-	55,985,538
Incremental depreciation recognized in other comprehensive income		
Incremental depreciation for the year	(11,381,392)	(31,760,316)
Deferred taxation	3,300,604	9,210,492
	(8,080,788)	(22,549,824)
Surplus adjustment due to disposal of Land and building	(31,187,448)	-
Deferred tax adjustment due to revaluation on building	-	(19,084,396)
Deferred tax adjustment due to reversal of surplus on plant and machinery	-	51,656,315
Deferred tax adjustment attributable to changes in tax rates	-	5,117,944
As at end of the year	<u>506,785,111</u>	<u>546,053,347</u>

- 9.1 In the previous year there was an error in the calculation of revaluation surplus/(loss) on factory building and plant & machinery, the rectification of error has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated, the effects of restatement is shown in note 5.

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	Note	2019 Rupees	2018 Rupees
10 LONG TERM FINANCES - SECURED			
These represent long term finances utilized under interest/markup arrangements from banking companies			
The Bank of Punjab - Demand finance - I	10.1	17,863,256	17,863,256
The Bank of Punjab - Demand finance - II	10.2	80,000,000	80,000,000
Habib Bank Limited - Term finance	10.3	8,105,608	8,105,608
		105,968,864	105,968,864
Current maturity presented under current liabilities		(105,968,864)	(105,968,864)
		<u>-</u>	<u>-</u>

10.1 The finance was obtained from The Bank of Punjab to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carried interest/markup at 7% per annum, payable quarterly. The finance was repayable in ten equal half yearly installments with the first installment was due in September 2010. The entire outstanding balance is over due as at the reporting date. Refer to note 18.1.1 for details of litigation between the Company and The Bank of Punjab regarding recovery of this amount.

10.2 The finance was obtained from The Bank of Punjab to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carried interest/markup at six months KIBOR plus 2% per annum payable semi annually. The finance was repayable in eight equal half yearly installments with the first installment was due in October 2010. The entire outstanding balance is over due as at the reporting date. Refer to note 18.1.1 for details of litigation between the Company and The Bank of Punjab regarding recovery of this amount.

10.3 The finance was been obtained from Habib Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried interest/markup at three months KIBOR plus 1.50% per annum, payable quarterly. The finance was repayable in eighteen equal monthly installments with the first installment was due in June 2010. The entire outstanding balance is over due as at the reporting date. Refer to note 18.1.2 for details of litigation between the Company and Habib Bank Limited regarding recovery of this amount.

10.4 For restrictions on title, and assets pledged as security, refer to note 47 to the financial statements.

11 DEFERRED LIABILITIES

Long term payables - Secured	11.1	18,316,926	18,316,926
Employees retirement benefits	11.2	2,934,237	3,897,946
		21,251,163	22,214,872

11.1 Long term payables - secured

This represents infrastructure cess levied by Excise and Taxation Officer ('ETO') Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan. The Company and others have filed a suit before the Sindh High Court ('SHC') challenging the levy. The Supreme Court of Pakistan through order has declared all levies and collections before December 26, 2008 to be invalid. During the pendency of decision on the levies and collections on or after December 26, 2008, SHC has directed the petitioners to pay 50% of liability for levies on or after December 26, 2008 to ETO and to arrange bank guarantees for the remaining amount in favour of ETO. The liability represents 50% of levies after December 26, 2008 against which guarantees have been arranged in favour of ETO (see note).

11.2 Employees retirement benefits

	Note	2019 Rupees	2018 Rupees
11.2.1 Movement in present value of defined benefit obligation			
As at beginning of the year		3,897,946	3,427,780
Charged / (credit) to profit or loss for the year	11.2.2	1,275,796	1,514,690
Benefits paid during the year		(1,719,076)	(1,438,327)
Remeasurements recognized in other comprehensive income	11.2.4	(520,429)	393,803
As at end of the year		2,934,237	3,897,946

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11.2.2 Charge to profit or loss

Current service cost		1,032,723	1,304,772
Interest cost		243,073	209,918
		1,275,796	1,514,690

11.2.3 The charge to profit or loss has been allocated as follows

Cost of sales	32	453,934	947,238
Administrative and general expenses	34	821,862	567,452
		1,275,796	1,514,690

11.2.4 Remeasurements recognized in other comprehensive income

Actuarial loss arising from changes in:

Demographic assumptions		-	-
Financial assumptions		-	-
Experience adjustments		(520,429)	393,803
		(520,429)	393,803

11.2.5 Principal actuarial assumptions

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

	2019	2018
Discount rate	12.50%	8.00%
Expected rates of increase in salary	11.50%	7.00%
Expected average remaining working lives of employees	9 years	10 years

11.2.6 Average duration of the defined benefit obligation

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

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

The expected charge to profit or loss for the year ending June 30, 2020 amounts to Rs. 1.690 million.

11.2.8 Sensitivity analysis

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

	2019		2018	
	Change in actuarial assumption	Defined benefit obligation	Change in actuarial assumption	Defined benefit obligation
		<i>Rupees</i>		<i>Rupees</i>
Discount rate	+ 1%	2,429,585	+ 1%	3,310,101
	- 1%	3,529,300	- 1%	4,603,091
Expected rate of increase in salary	+ 1%	3,529,300	+ 1%	4,603,091
	- 1%	2,421,178	- 1%	3,299,979

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

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

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	Note	2019 Rupees	2018 Rupees (Restated)
12 TRADE AND OTHER PAYABLES			
Trade creditors - <i>Unsecured</i>		58,791,679	126,035,014
Accrued liabilities		50,409,593	86,059,017
Advances from customers - <i>Unsecured</i>		28,374,699	40,776,398
Workers' Profit Participation Fund	12.1	2,899,060	1,776,106
Workers' Welfare Fund	12.2	-	45,237
Other payables - <i>Unsecured</i>		2,733,339	124,389
		143,208,370	254,816,161

12.1 Workers' Profit Participation Fund

As at beginning of the year		1,776,106	1,630,203
Charged for the year		944,811	-
Interest on funds utilized by the Company	12.1.1	178,143	145,903
As at end of the year		2,899,060	1,776,106

12.1.1 Interest has been charged at 10.03% (2018:8.95%) per annum.

	Note	2019 Rupees	2018 Rupees
12.2 Workers' Welfare Fund			
As at beginning of the year		45,237	619,580
Charged to profit or loss for the year	37	-	45,237
Paid during the period		(45,237)	(619,580)
As at end of the year		-	45,237

13 ACCRUED INTEREST/MARKUP

Long term finance		39,813,820	39,813,820
Short term borrowings		63,701,065	63,701,065
		103,514,885	103,514,885

13.1 The entire balance of accrued interest/mark-up represents overdue interest/mark-up. Refer to note 18 for details of litigation between the Company and lending banks regarding recovery of this amount.

	Note	2019 Rupees	2018 Rupees
14 SHORT TERM BORROWINGS			
Secured			
These represent short term finances utilized under interest/markup arrangements from banking companies			
Borrowings from Banking companies	14.1	301,706,774	308,242,774
Unsecured			
Loan from director		159,839,374	127,474,374
Transferred to Equity	14.3	(120,000,000)	-
	14.2	39,839,374	127,474,374
		341,546,148	435,717,148

14.1 These facilities were obtained from various banking companies for working capital requirements and are secured by charge over all present and future current assets of the Company. These carried markup at the rates ranging from three month to six months KIBOR plus 1.35% to 2% per annum payable quarterly. These facilities have expired and the entire outstanding balance is overdue as at the reporting date. Refer to note 18 for details of litigation between the Company and lending banks regarding recovery of this amount.

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- 14.2 This represents temporary loan obtained from director of the Company. The loan is unsecured and interest free.
- 14.3 At July 1st, 2018, the company has revised the terms of old director's loan. As per terms of new agreement, out of total existing loan, an amount of Rs. 120 million shall be repayable only at the discretion of the Company. Therefore, this amount is accounted for in accordance with the 'Technical Release- 32' and is classified under equity.
- 14.4 For restrictions on title, and assets pledged as security, refer to note 47 to the financial statements.

	<i>Note</i>	2019 <i>Rupees</i>	2018 <i>Rupees</i> (Restated)
15 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long term finances	10	<u>105,968,864</u>	<u>105,968,864</u>
16 IJARAH RENTALS PAYABLES			
Ijarah rentals payable	16.1	<u>28,544,690</u>	<u>28,544,690</u>

- 16.1 These represent Ijarah obtained under sale and lease back arrangements for acquiring plant and machinery. The lease was priced at three months KIBOR plus 1.75% per annum, subject to floor and cap of 10% and 24% per annum respectively. Lease rentals were payable quarterly over a tenor of three years with the first installment due from November 2012. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to Ijarah lease are borne by the Company. The lease term has expired and the entire outstanding balance represents overdue installments.

	<i>Note</i>	2019 <i>Rupees</i>	2018 <i>Rupees</i>
17 PROVISION FOR TAXATION			
Taxation		5,282,190	6,561,741
17.1 Taxation			
Balance at the beginning		6,561,741	3,914,834
Provision made during the year		<u>5,282,190</u>	<u>6,561,741</u>
		11,843,931	10,476,575
Adjusted during the year		<u>(6,561,741)</u>	<u>(3,914,834)</u>
		<u>5,282,190</u>	<u>6,561,741</u>

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

- 18.1.1 The Company is contesting recovery suit filed by The Bank of Punjab in year 2011 amounting to Rs. 577.391 million on account of principal and markup claimed in the suit along with cost of funds, estimated at Rs. 632.99 million upto June 30, 2019, and all other claims arising therein till realization. A counter suit has been filed by the Company against The Bank of Punjab, before the Lahore High Court wherein, besides other payers, the Company has claimed Rs. 744.348 million on account of acts and omission committed by the Bank against the Company. The suits is pending before the Lahore High Court and has been fixed for arguments.
- 18.1.2 The Company is contesting recovery suite filed by Habib Bank Limited amounting to Rs. 8.996 million on account of principal and markup claimed in the suit. The suits was decreed by the Banking Court for an amount of Rs. 8.105 million. Appeal is pending in Lahore High Court.
- 18.1.3 During the year ended June 30, 2015, the company has reversed accrued interest/markup amounting to Rs.179.89 million payable to The Bank of Punjab based on the advice of the Company's legal advisor. Further the company has not recognized interest/markup on debt finances from July 01, 2015 to June 30, 2018 amounting to Rs.133 million and Rs.50.91 million during the year ended June 30, 2019, based on the advice of the Company's legal advisor.
- 18.1.4 A suit has been filed by the company before the Civil Court, Lahore against recovery of outstanding balance amounting to Rs. 16.198 million from Lahore Electric Supply Company (LESCO). The case is pending in court how ever legal advisor is of the view that the outcome of the case will be in favor of the company.

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18.1.5 A suit has been filed by the Meezan bank limited before the banking court, Lahore, against recovery of outstanding balance of ijarah rentals amounting to Rs. 51.419 million.

18.2 Commitments

18.2.1 There are no known commitments as at the reporting date.

	<i>Note</i>	2019	2018
		<i>Rupees</i>	<i>Rupees</i> (Restated)
19 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	19.1	1,060,980,372	1,129,499,938
Capital work in progress	19.2	-	-
		<u>1,060,980,372</u>	<u>1,129,499,938</u>

19.1 Operating fixed assets

	2019												2018																		
	COST/REVALUED AMOUNT						DEPRECIATION						COST/REVALUED AMOUNT						DEPRECIATION												
	As at July 01, 2018 Rupees (Restated)	Additions Rupees	Revaluation Addition/ Rupees	Adjustment Rupees	Disposals Rupees	Transfers Rupees	Revaluation As at June 30, 2019 Rupees (Restated)	Rate %	For the year Rupees (Restated)	Adjustment Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2019 Rupees (Restated)	Net book value as at June 30, 2019 Rupees (Restated)	As at July 01, 2017 Rupees (Restated)	Additions Rupees	Revaluation Addition/ (Reversal) Rupees	Adjustment Rupees	Disposals Rupees	Transfers Rupees	Revaluation As at June 30, 2018 Rupees (Restated)	Rate %	For the year Rupees	Adjustment Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2018 Rupees (Restated)	Net book value as at June 30, 2018 Rupees (Restated)			
Assets owned by the Company																															
Freehold land	336,520,000	-	-	-	(27,495,000)	-	-	-	-	-	-	309,025,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	309,025,000
Building	460,599,249	-	-	-	(12,125,000)	-	2.5	12,802,962	-	(351,120)	-	448,474,249	2.5	12,802,962	-	(351,120)	-	-	-	-	-	-	59,456,096	389,018,153							
Plant and machinery	370,000,000	-	-	-	(5,605,696)	-	2.5	11,325,274	-	(23,357)	-	364,394,304	2.5	11,325,274	-	(23,357)	-	-	-	-	-	-	11,301,917	353,092,387							
Office equipment	6,101,286	-	-	-	-	-	10	177,353	-	-	-	6,101,286	10	177,353	-	-	-	-	-	-	-	-	4,505,111	1,596,175							
Furniture and fixtures	3,790,036	-	-	-	-	-	10	80,398	-	-	-	3,790,036	10	80,398	-	-	-	-	-	-	-	-	3,066,453	723,583							
Vehicles	28,376,545	3,258,452	-	-	(1,685,930)	-	20	1,677,615	-	(822,734)	-	29,949,067	20	1,677,615	-	(822,734)	-	-	-	-	-	-	22,423,993	7,525,074							
	1,205,387,116	3,258,452	-	-	(5,503,351)	-	-	26,063,603	-	(1,197,211)	-	1,161,733,942	-	26,063,603	-	(1,197,211)	-	-	-	-	-	-	100,753,570	1,060,980,372							
Assets owned by the Company																															
Freehold land	168,217,500	-	168,302,500	-	-	-	-	-	-	-	-	336,520,000	-	-	-	-	-	-	-	-	-	-	-	-	336,520,000						
Building	575,090,102	7,683,995	66,808,261	(187,983,109)	-	-	5	17,933,845	(187,983,109)	-	-	460,599,249	5	17,933,845	(187,983,109)	-	-	-	-	-	-	-	47,004,253	413,594,996							
Plant and machinery	1,593,731,981	1,757,845	(210,775,007)	(974,476,234)	(40,238,585)	-	5	31,156,076	(974,476,234)	(16,940,305)	-	370,000,000	5	31,156,076	(16,940,305)	-	-	-	-	-	-	-	-	370,000,000							
Office equipment	6,101,286	-	-	-	-	-	10	197,059	-	-	-	6,101,286	10	197,059	-	-	-	-	-	-	-	-	4,327,758	1,773,528							
Furniture and fixtures	3,790,036	-	-	-	-	-	10	89,331	-	-	-	3,790,036	10	89,331	-	-	-	-	-	-	-	-	2,986,055	803,981							
Vehicles	32,849,293	2,787,000	-	-	(7,259,748)	-	20	1,136,179	-	(5,905,073)	-	26,339,006	20	1,136,179	-	(5,905,073)	-	-	-	-	-	-	21,589,112	6,807,433							
	2,379,780,198	12,228,840	23,335,754	(1,162,459,343)	(47,498,333)	-	-	50,511,490	(1,162,459,343)	(22,845,376)	-	1,210,680,409	-	50,511,490	(22,845,376)	-	-	-	-	-	-	-	75,887,178	1,129,499,938							

19.1.1 Disposal of operating fixed assets

		2019					2018				
	Cost/revalued amount Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain / (loss) on disposal Rupees	Mode of disposal	Particulars of buyer				
Land											
Land (29 Kanal 5 Marlas)	27,495,000	-	27,495,000	34,800,000	7,305,000	Negotiation	Hakimdin				
Building											
Boiler House Area, Auxillary Hall Area, Engine Hall Area and Officers Colony/Guest	12,125,000	351,120	11,773,880	11,600,000	(173,880)	Negotiation	Hakimdin				
Machinery											
Card Trutzchler DK-903 Model 2002 (2 Nos.)	5,605,696	23,357	5,582,339	4,600,000	(982,339)	Negotiation	Al-Ahmed Textile Mills (Pvt) LTD				
Vehicles											
Toyatta Corolla	1,685,930	822,734	863,196	1,780,000	916,804	Negotiation	Muham mad Ashraf				
	<u>46,911,626</u>	<u>1,197,211</u>	<u>45,714,415</u>	<u>52,780,000</u>	<u>7,065,585</u>						
Machinery											
Card Trutzchler DK-903 (2 Nos.)	8,400,000	4,121,969	4,278,031	5,100,000	821,969	Negotiation	Mustaqim Dyeing Printing Industries (Pvt) Ltd				
Cone Winding Murata 21-C (2 Nos.)	31,838,585	12,818,336	19,020,249	15,200,000	(3,820,249)	Negotiation	Mustaqim Dyeing Printing Industries (Pvt) Ltd				
Vehicles											
Toyatta Corolla	1,836,626	1,274,042	562,584	1,700,000	1,137,416	Negotiation	Tahira Razzaq				
BMW	5,423,122	4,631,031	792,091	2,425,000	1,632,909	Negotiation	Sadia Abdul Rasheed				
	<u>47,498,333</u>	<u>22,845,378</u>	<u>24,652,955</u>	<u>24,425,000</u>	<u>(227,955)</u>						

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	Note	2019 Rupees	2018 Rupees (Restated)
19.1.2	The depreciation charge for the year has been allocated as follow s:		
Cost of sales	32	24,128,236	49,089,921
Administrative and general expenses	34	1,935,366	1,421,569
		26,063,603	50,511,490

19.1.3 Most recent valuation of land, building and plant and machinery of the Company was carried out by an independent valuer Messrs Spell Vision as on June 30, 2018. For basis of valuation and other fair value measurement disclosures refer to note 46.

Had there been no revaluation, the cost, accumulated depreciation and net book values of revalued items would have been as

	2019		
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees
Freehold land	47,334,333	-	47,334,333
Factory building	163,020,186	119,205,476	43,814,710
Plant and machinery	1,222,262,867	869,170,480	353,092,387
	2018		
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees
Freehold land	51,545,829	-	51,545,829
Factory building	163,680,884	117,803,038	45,877,846
Plant and machinery	1,227,868,563	857,868,563	370,000,000

19.2 Capital work in progress

	2019			
	As at July 01, 2018 Rupees	Additions Rupees	Transfers Rupees	As at June 30, 2019 Rupees
Building	-	-	-	-
	-	-	-	-
	2018			
	As at July 01, 2017 Rupees	Additions Rupees	Transfers Rupees	As at June 30, 2018 Rupees
Building	6,502,471	1,181,524	(7,683,995)	-
	6,502,471	1,181,524	(7,683,995)	-

19.3 This freehold land and building of 358 Kanals is located at 21 KM, Sheikhpura Road, Ferozw attw an, Off 3.5 KM Warburton Road, Hadbast Mauza, Kot Shah Muhammad, Tehsil Nankana, District, Sheikhpura.

19.4 Forced sales value as per the last revaluation report as of June 30, 2018

Asset class	Forced sale value
Freehold land	286,042,000
Building on freehold land	302,168,625
Plant and machinery	314,500,000
	902,710,625

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20 LONG TERM DEPOSITS

	June 30, 2019	June 30, 2018
	<i>Rupees</i>	<i>Rupees</i>
Security deposits		
- LESCO	11,343,203	11,343,203
- SNGPL	14,743,324	14,428,135
- Others	2,094,247	2,094,247
	<u>28,180,774</u>	<u>27,865,585</u>

21 DEFERRED TAXATION

		June 30, 2019	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
Deferred tax asset on deductible temporary differences	21.2	206,359,544	218,003,170
Deferred tax liability on taxable temporary differences	21.2	(171,404,226)	(179,588,894)
Net asset/(liability)		<u>34,955,318</u>	<u>38,414,277</u>
Less: Deferred income tax asset not recognised		<u>(34,955,318)</u>	<u>(38,414,277)</u>
		-	-

21.1 The net deferred income tax asset of Rs. 34.955 million (2018: Rs. 38.414 million) has not been recognised in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits may not be available against which the temporary differences can be utilised.

21.2 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	June 30, 2019	June 30, 2018
	<i>Rupees</i>	<i>Rupees</i>
		(Restated)
Deferred tax assets		
Employees retirement benefits	(753,928)	(1,004,138)
Provisions	(24,106,919)	(14,852,603)
Unused tax losses and credits	(181,498,697)	(202,146,429)
	<u>(206,359,544)</u>	<u>(218,003,170)</u>
Deferred tax liabilities		
Operating fixed assets - owned	82,707,048	84,862,381
Revaluation surplus on property, plant and equipment	88,697,178	94,726,512
	<u>171,404,226</u>	<u>179,588,894</u>
	<u>(34,955,318)</u>	<u>(38,414,277)</u>

21.3 Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 29% (2018: 29%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

	Note	2019	2018
		<i>Rupees</i>	<i>Rupees</i>
22 STORES, SPARES AND LOOSE TOOLS			
Stores		2,847,725	3,488,712
Spares - in hand		47,360,832	52,053,591
Spares - in transit		798,222	-
		<u>48,159,054</u>	<u>52,053,591</u>
Loose tools		177,044	188,269
Provision for slow moving stores, spares and loose tools	22.1	(37,404,941)	-
		<u>13,778,882</u>	<u>55,730,572</u>

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22.1 Provision for slow moving stores, spares and Loose tools

Balance at the beginning of the year	-	-
Provision made during the year - net	37,404,941	-
Balance at the end of the year	37,404,941	-

22.2 There are no stores, spares and loose tools held exclusively for capitalization.

23 STOCK IN TRADE

Raw material		4,414,529	12,774,519
Work in process		531,244	5,551,682
Finished goods	23.1	10,533,863	42,421,296
		15,479,636	60,747,497

23.1 Stock of finished goods includes stock of waste valued at net realizable values of Rs. Nil (2018: Rs. 354,095).

23.2 Details of stock pledged as security are referred to in note 47 to the financial statements.

	<i>Note</i>	2019	2018
		<i>Rupees</i>	<i>Rupees</i>

24 TRADE DEBTS - UNSECURED

Local			
considered good		76,378,150	18,756,676
considered doubtful	24.1	52,495,668	51,081,161
		128,873,818	69,837,837
Foreign			
considered good		-	-
considered doubtful		3,921,894	3,921,894
		3,921,894	3,921,894
		132,795,712	73,759,731
Loss allowance for ECL on trade debts	24.2	(56,417,562)	(55,003,055)
		76,378,150	18,756,676

24.1 It includes Rs. Nil (2018: Rs. 48,629) due from A-Square (Private) Limited, a related party, no movement during the year.

	<i>Note</i>	2019	2018
		<i>Rupees</i>	<i>Rupees</i>

Age analysis of amounts due from related party is as follows:

Not yet due	-	-
Past due by less than one year	-	-
Past due by more than one year	-	48,629
	-	48,629

24.2 Loss allowance for ECL on trade debts

As at beginning of the year		55,003,055	51,081,661
Recovered during the year		-	(500)
Written off during the year		(62,608)	-
Recognized during the year	37	1,477,115	3,921,894
As at end of the year		56,417,562	55,003,055

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	Note	2019 Rupees	2018 Rupees
25 LOANS AND ADVANCES			
Advances to suppliers - <i>unsecured</i>	25.1	9,224,358	9,243,256
Advances to employees - <i>unsecured, considered good</i>	25.2	83,729	476,765
		<u>9,308,087</u>	<u>9,720,021</u>
25.1 Advances to suppliers - unsecured			
considered good		9,224,358	9,243,256
considered doubtful		-	2,653,000
		9,224,358	11,896,256
Impairment allowance	25.1.2	-	(2,653,000)
		<u>9,224,358</u>	<u>9,243,256</u>
25.1.1	This represents advances to suppliers in the normal course of business and does not carry any interest or markup.		
25.1.2 Movement in accumulated impairment			
As at beginning of the year		2,653,000	2,653,000
Recognized during the year		-	-
Write off during the year		(2,653,000)	-
As at end of the year		<u>-</u>	<u>2,653,000</u>
25.2	These represent advances to employees for purchases and expenses on behalf of the Company and those against future salaries and post employment benefits in accordance with the Company policy. These advances do not carry any interest or markup.		
26 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		3,500,000	3,500,000
		<u>3,500,000</u>	<u>3,500,000</u>
27 OTHER RECEIVABLES			
considered good		5,851,796	2,814,094
considered doubtful		1,507,300	-
		7,359,096	2,814,094
Loss allowance for ECL on other receivables	27.1	(1,507,300)	-
		<u>5,851,796</u>	<u>2,814,094</u>
27.1 Movement in Loss allowance for ECL on other receivables			
As at beginning of the year		-	-
Recognized during the year		1,507,300	-
Write off during the year		-	-
As at end of the year		<u>1,507,300</u>	<u>-</u>
28 Tax refunds due from Government			
Advance Income tax		9,430,499	10,807,991
Sales tax refundable		2,236,215	2,294,829
Special excise duty		551,522	551,522
		<u>12,218,236</u>	<u>13,654,342</u>
29 SHORT TERM INVESTMENTS			
This represents investment in listed equity securities held for trading classified as "financial assets at fair value through profit or loss". Particulars of investments are as follows:			

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	<i>Note</i>	2019 <i>Rupees</i>	2018 <i>Rupees</i>
MCB Bank Limited			
357 (2018: 357) ordinary shares of Rs. 10 each			
Cost		75,500	75,500
Changes in fair value		(13,221)	(4,989)
		<u>62,279</u>	<u>70,511</u>

30 CASH AND BANK BALANCES	<i>Note</i>	2019 <i>Rupees</i>	2018 <i>Rupees</i>
Cash in hand		180	10,000
Cash at banks			
current accounts		24,078,304	2,459,139
deposit/saving accounts		36,251	35,549
		<u>24,114,555</u>	2,494,688
		<u>24,114,735</u>	<u>2,504,688</u>

30.1 Effective markup rate in respect of deposit/saving accounts, for the year, ranges from 4.50% to 9.92% (2018: 3.70% to 4.75%).

31 TURNOVER - NET

	<i>Note</i>	2019		
		<i>Local Rupees</i>	<i>Export Rupees</i>	<i>Total Rupees</i>
Yarn		292,280,524	42,152,044	334,432,568
Waste		2,911,710	-	2,911,710
Fabric		89,289,081	-	89,289,081
Raw material		5,256,229	-	5,256,229
		<u>389,737,544</u>	<u>42,152,044</u>	<u>431,889,588</u>
Sales tax		(883,931)	-	(883,931)
		<u>388,853,613</u>	<u>42,152,044</u>	<u>431,005,657</u>
		2018		
		<i>Local Rupees</i>	<i>Export Rupees</i>	<i>Total Rupees</i>
Yarn		486,152,125	53,161,649	539,313,774
Waste		6,213,111	-	6,213,111
Processing services		1,400,155	-	1,400,155
		<u>493,765,391</u>	<u>53,161,649</u>	<u>546,927,040</u>
Sales tax		-	-	-
		<u>493,765,391</u>	<u>53,161,649</u>	<u>546,927,040</u>

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	Note	2019 Rupees	2018 Rupees
32 COST OF SALES			
Raw material consumed	32.1	125,853,463	356,889,990
Cost of fabric sold		82,107,290	-
Cost of raw material sold		4,560,451	-
Stores, spares and loose tools consumed		4,513,156	14,880,019
Salaries, wages and benefits	32.2	20,540,543	66,567,437
Fuel and power and water		21,426,397	72,473,860
Repair and maintenance		828,048	2,177,244
Travelling and conveyance		228,005	766,702
Depreciation	19.1.2	24,128,236	49,089,921
Others		486,281	1,208,464
Manufacturing cost		284,671,870	564,053,637
Work in process			
As at beginning of the year		5,551,682	101,500
As at end of the year		(531,244)	(5,551,682)
		5,020,438	(5,450,182)
Cost of goods manufactured		289,692,308	558,603,455
Finished goods			
As at beginning of the year		42,421,296	42,654,512
Purchased during the year		91,776,448	37,433,070
As at end of the year		(10,533,863)	(42,421,296)
		123,663,881	37,666,286
		413,356,190	596,269,741

	Note	2019 Rupees	2018 Rupees
32.1 Raw material consumed			
As at beginning of the year		12,774,519	9,859,184
Purchased during the year		122,053,924	359,805,325
Sold during the year		(4,560,451)	-
As at end of the year		(4,414,529)	(12,774,519)
		125,853,463	356,889,990

32.2 These include charge in respect of employees retirement benefits amounting to Rs.453,934 (2018: Rs. 947,238).

	Note	2019 Rupees	2018 Rupees
33 SELLING AND DISTRIBUTION EXPENSES			
Local			
Freight and handling		866,806	2,005,013
Commission		37,760	62,203
Quality Claim		62,400	-
		966,966	2,067,216
Export			
Ocean freight		71,576	94,125
Commission on export		1,516,051	1,699,582
Export development surcharge		106,470	122,437
Export trailer charges		228,000	436,000
Export bank charges		142,139	111,297
Others		163,947	567,612
		2,228,183	3,031,053
		3,195,149	5,098,269

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34 ADMINISTRATIVE AND GENERAL EXPENSES

Salaries and benefits	34.1	9,148,277	9,176,898
Travelling and conveyance		1,361,469	2,201,630
Legal and professional		2,937,600	2,687,556
Fee and subscription		278,620	589,987
Rent, rates and taxes		400,000	140,512
Electricity, gas and water		1,612,321	1,499,105
Insurance		99,000	-
Repair and maintenance		625,569	258,030
Communication		581,783	379,451
Printing and stationery		41,955	95,639
Vehicle running and maintenance		513,456	684,607
Advertisement		108,700	30,000
Entertainment		229,181	437,831
Auditor's remuneration	34.2	300,000	900,000
Depreciation		1,935,366	1,421,569
Lease rentals		-	390,003
Miscellaneous expenses		429,219	549,194
		20,602,516	21,442,012

34.1 These include charge in respect of employees retirement benefits amounting to Rs. 821,862 (2018: Rs. 657,472).

	Note	2019 Rupees	2018 Rupees
34.2 Auditor's remuneration			
Annual statutory audit		250,000	750,000
Half yearly review		50,000	50,000
Certification fees		-	50,000
Out of pocket expenses		-	50,000
		300,000	900,000

35 OTHER INCOME

Gain on financial instruments

Foreign exchange gain		411,024	807,864
Return on bank deposits		128,191	121,605
Profit on suigas security deposit		315,189	-
Changes in fair value of investments at fair value through profit or loss		(8,232)	(15,489)
Dividend income		7,140	2,856
		853,312	916,836

Other income

Sale of scrap		783,745	649,062
Gain on disposal of operating fixed assets	19.1.1	7,065,585	-
Old liabilities written back		56,830,174	-
Other Income		-	10,424,333
		64,679,504	11,073,395
		65,532,816	11,990,231

36 FINANCE COST

Interest on workers' profit participation fund	12.1	178,143	145,903
Bank charges		99,045	397,435
		277,188	543,338

Shadman Cotton Mills Limited

37 OTHER EXPENSES

Workers' Welfare Fund	12.2	-	45,237
Workers Profit Participation fund		944,811	-
Loss allowance for ECL on trade debts	24.2	1,477,115	3,921,894
Loss allowance for ECL on other receivables	27.1	1,507,300	-
Loss on disposal of operating fixed assets	19.1.1	-	227,953
Impairment Loss on Plant & Machinery		-	32,649,784
Impairment allowance for obsolete stores, spares & loose tools		37,404,941	-
Commission on sale of fixed assets		-	406,000
		41,334,167	37,250,868

38 TAXATION

Current taxation			
current year	38.1	5,282,190	6,561,741
prior year		428	978,781
Deferred Tax			
current year		(150,924)	32,686,122
prior year		-	5,117,944
		5,131,694	45,344,588

38.1 Provision for taxation has been made under section 113, 154 and 169 (2018: section 113, 154 and section 169) of the Income Tax Ordinance, 2001 ("the Ordinance"), there is no relationship between aggregate tax expense and accounting profit. Accordingly no numerical reconciliation has been presented.

38.2 Assessments for the tax years up to 2018 are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filled by the Company.

38.3 The Government of Pakistan vide Finance Act 2018 notified a reduced tax rate of 29% for tax year 2019 as compared to 30% applicable to previous year for Companies.

	<i>Unit</i>	2019	2018
39 PROFIT/ (LOSS) PER SHARE - BASIC AND DILUTED			
Profit/ (Loss) attributable to ordinary shareholders	<i>Rupees</i>	12,641,569	(147,031,545)
Weighted average number of ordinary shares outstanding during the year	<i>No. of shares</i>	17,636,719	17,636,719
Profit/ (Loss) per share - <i>Basic</i>	<i>Rupees</i>	0.72	(8.34)
There is no anti-dilutive effect on the basic profit/ loss per share of the Company.			
		2019	2018
		<i>Rupees</i>	<i>Rupees</i>

40 CASH GENERATED FROM OPERATIONS

Profit/ (Loss) before taxation		17,773,263	(101,686,957)
Adjustments for non-cash and other items			
Loss / (Gain) on disposal of operating fixed assets		(7,065,585)	227,955
Provision for employees retirement benefits		1,275,796	1,514,690
Old liabilities written back		(56,830,174)	-
Impairment allowance for doubtful debts		1,477,115	-
Impairment allowance for other receivables		1,507,300	-
Impairment loss on Plant and machinery		-	32,649,784
Impairment allowance for stores, spares and loose tools		37,404,941	-
Changes in fair value investments at fair value through profit or loss		8,232	15,489
Finance Cost		277,188	543,338
Depreciation on PPE		26,063,603	-
Depreciation on Investment property		-	50,511,490
		4,118,416	85,462,746
Operating profit/ (loss) before changes in working capital		21,891,679	(16,224,211)

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Changes in working capital

Stores, spares and loose tools		4,546,749	2,080,743
Stock in trade		45,267,861	(8,132,301)
Trade debts		(59,098,589)	2,087,681
Advances, prepayments and other receivables		(4,133,068)	37,275,150
Trade and other payables		(54,777,617)	(14,663,830)
		(68,194,664)	18,647,443
Cash (used in)/ generated from operations		(46,302,986)	2,423,232

41 CASH AND CASH EQUIVALENTS

Cash and bank balances	30	24,114,735	2,504,688
		24,114,735	2,504,688

42 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and undertakings and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Details of transactions and balances with related parties is as follows:

		2019	2018
		Rupees	Rupees
42.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Key management personnel	<u>Short term borrowings obtained</u> (Mr. Shahid Mazhar, 65.27% Shareholding, Director)	67,645,000	22,420,000
	<u>Short term borrowings repaid</u> (Mr. Shahid Mazhar, 65.27% Shareholding, Director)	33,590,000	33,953,693
	(Mrs. Ghazala Shahid, 2.28% Shareholding, Director)	1,690,000	-
Balances with related parties			
Nature of relationship	Nature of balances		
Key management personnel	<u>Short term borrowings</u> (Mr. Shahid Mazhar, 65.27% Shareholding, Director)	150,989,374	116,934,374
	(Mrs. Ghazala Shahid, 2.28% Shareholding, Director)	1,000,000	2,690,000
	(Mr. Ahmed Bin Shahid, 8.50% Shareholding, Director)	7,850,000	7,850,000
	<u>Short term employee benefits payable</u> (Mr. Shahid Mazhar, 65.27% Shareholding, Director)	-	6,000,000
	(Mrs. Ghazala Shahid, 2.28% Shareholding, Director)	-	4,800,000
	(Mr. Ahmed Bin Shahid, 8.50% Shareholding, Director)	-	2,040,000
Associated undertaking (A Square (Pvt) Ltd)	<u>Trade debts</u> (Common Director)	-	48,629

43 FINANCIAL INSTRUMENTS

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

	Note	2019	2018
		Rupees	Rupees
Financial assets			
Cash in hand	30	180	10,000
Financial assets at amortized cost			
Long term deposits	20	28,180,774	27,865,585
Trade debts	24	76,378,150	18,756,676
Security deposits	26	3,500,000	3,500,000
Cash at bank	30	24,114,555	2,494,688
		132,173,479	52,616,949

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Financial assets at fair value through profit or loss

Short term investments	29	62,279	70,511
		<u>132,235,938</u>	<u>52,697,460</u>

Financial liabilities

Financial liabilities at amortized cost

Long term finances	10	105,968,864	105,968,864
Long term payables	11.1	18,316,926	18,316,926
Short term borrowings	14	341,546,148	435,717,148
Accrued interest/markup	13	103,514,885	103,514,885
Trade creditors	12	58,791,679	126,035,014
Lease rentals payables	16	28,544,690	28,544,690
Accrued liabilities	12	50,409,593	86,059,017
		<u>707,092,785</u>	<u>904,156,544</u>

44 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

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

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

44.1 Credit risk

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

44.1.1 Maximum exposure to credit risk

The maximum exposure to credit risk as at the reporting date is as follows:

	Note	2019 Rupees	2018 Rupees
Long term deposits	20	28,180,774	27,865,585
Trade debts	24	76,378,150	18,756,676
Security deposits	26	3,500,000	3,500,000
Bank balances	30	24,114,555	2,494,688
		<u>132,173,479</u>	<u>52,616,949</u>

44.1.2 Concentration of credit risk

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

	2019 Rupees	2018 Rupees
Customers	76,378,150	18,756,676
Banking companies and financial institutions	27,614,555	5,994,688
Utility companies and regulatory authorities	28,180,774	27,865,585
	<u>132,173,479</u>	<u>52,616,949</u>

44.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

(a) Counterparties with external credit ratings

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

(b) Counterparties without external credit ratings

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

	2019		2018	
	Gross carrying amount Rupees	Accumulated Impairment Rupees	Gross carrying amount Rupees	Accumulated Impairment Rupees
Neither past due nor impaired	-	-	-	-
Past due by 0 to 30 days	41,927,925	-	629,759	-
Past due by 31 to 90 days	15,150,533	-	130,362	-
Past due by 90 days to one year	2,837,823	-	587,354	-
Over one year	16,461,869	56,417,562	72,412,755	55,003,055
	76,378,150	56,417,562	73,760,230	55,003,055

44.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets.

44.1.5 Credit risk management

As mentioned in note 44.1.3 to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. In respect of trade debts, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

44.2 Liquidity risk

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

44.2.1 Exposure to liquidity risk

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

	2019				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term finances	105,968,864	105,968,864	105,968,864	-	-
Short term borrowings	341,546,148	341,546,148	341,546,148	-	-
Accrued interest/markup	103,514,885	103,514,885	103,514,885	-	-
Trade creditors	58,791,679	58,791,679	58,791,679	-	-
Ijarah rentals payable	28,544,690	28,544,690	28,544,690	-	-
Accrued liabilities	50,409,593	50,409,593	50,409,593	-	-
	688,775,859	688,775,859	688,775,859	-	-
	2018				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term finances	105,968,864	105,968,864	105,968,864	-	-
Short term borrowings	435,717,148	435,717,148	435,717,148	-	-
Accrued interest/markup	103,514,885	103,514,885	103,514,885	-	-
Trade creditors	126,035,014	126,035,014	126,035,014	-	-
Ijarah rentals payable	28,544,690	28,544,690	28,544,690	-	-
Accrued liabilities	86,059,017	86,059,017	86,059,017	-	-
	885,839,618	885,839,618	885,839,618	-	-

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44.2.2 Overdue financial liabilities

As at the reporting date, the following debt finances and accrued interest/markup thereon are overdue.

	Note	2019 Rupees	2018 Rupees
Long term finances	10	105,968,864	105,968,864
Lease rentals payable	16	28,544,690	28,544,690
Short term borrowings	14	301,706,774	308,242,774
Accrued interest/mark-up	13	103,514,885	103,514,885
		539,735,213	546,271,213

The Company is contesting recovery suits filed by the lenders. Refer to note 18.1 for details.

44.2.3 Liquidity risk management

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

Due to reasons explained in note 2.2, the Company defaulted in repayments of its debts finances and interest/markup thereon amounting to Rs. 539.74 million. (see note 44.2.2).

44.3 Market risk

44.3.1 Currency risk

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

(a) Exposure to currency risk

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

	2019	
	USD Rupees	Total Rupees
Financial assets		
Trade debts	5,295,929	5,295,929
Financial liabilities	-	-
Net exposure	5,295,929	5,295,929
	2018	
	USD Rupees	Total Rupees
Financial assets		
Trade debts	3,921,894	3,921,894
Financial liabilities	-	-
Net exposure	3,921,894	3,921,894

(b) Exchange rates applied as at the reporting date

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

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	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	Rupees	Rupees	Rupees	Rupees
USD	164.00	164.50	121.45	121.63

(c) Sensitivity analysis

A ten percent appreciation in Pak Rupee against foreign currencies would have decreased profit for the year by Rs. 0.529 million (2018: Rs. 0.392 million). A ten percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) Currency risk management

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

44.3.2 Interest rate risk

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

(a) Interest/markup bearing financial instruments

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

	2019	2018
	Rupees	Rupees
Fixed rate instruments		
Financial assets	36,251	35,549
Financial liabilities	17,863,256	17,863,256
Variable rate instruments		
Financial assets	-	-
Financial liabilities	418,357,072	424,893,072

(b) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

(c) Cash flow sensitivity analysis for variable rate instruments and cash flow hedges

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 4.18 million (2018: Rs. 4.25 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) Interest rate risk management

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

44.3.3 Price risk

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

A ten percent appreciation in prices of equity securities as at reporting date would have increased profit for the year by Rs. 6,228 (2018: Rs. 7,051). A ten percent diminution in prices of equity securities as at the reporting date would have had equal but opposite effect on profit. The analysis assumes that all other variables remain constant and ignores the impact, if any, on provision for taxation for the year.

45 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. These are subject to operational conditions both internal and external, and generation of cash flows for working capital requirements and meeting of debt obligations. Any temporary shortfall is met through interest free loans from directors. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders and seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances and liabilities against assets subject to finances lease, including current maturity. Total capital employed includes total equity, as shown in the balance sheet plus surplus on revaluation of property, plant and equipment, plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	<i>Unit</i>	2019	2018
Total debt	<i>Rupees</i>	105,968,864	105,968,864
Total equity	<i>Rupees</i>	500,536,637	367,525,563
		<u>606,505,501</u>	<u>473,494,427</u>
Gearing	<i>% age</i>	<u>17.47%</u>	<u>22.38%</u>

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finances, including the impact, if any, of recovery suits filed by them against the Company. See note 18.

46 FAIR VALUE MEASUREMENTS

46.1 Financial Instruments

46.1.1 Financial instruments measured at fair value

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

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

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

a) Recurring fair value measurements

Nature of asset	Hierarchy	Valuation techniques/Key inputs	2019	2018
			<i>Rupees</i>	<i>Rupees</i>
Financial assets at fair value through profit or loss				
Short term investments	Level 1	Quoted prices in an active market	62,279	70,511

b) Non-recurring fair value measurements

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

46.1.2 Financial instruments not measured at fair value

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

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46.2 Assets and liabilities other than financial instruments.

46.2.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	2019 Rupees	2018 Rupees
Freehold land	-	309,025,000	-	309,025,000	336,520,000
Factory building	-	389,018,153	-	389,018,153	413,594,996
Plant and machinery	-	353,092,387	-	353,092,387	370,000,000

The fair valuation of the revalued assets are considered to represent a level 2 valuation of fair value hierarchy based on significant observable inputs. The fair values are subject to change owing to change in input. However, the management does not expect there to be a material sensitivity to the fair values arising from the observable inputs. The basis of revaluation for items of these fixed assets were as follows:

Freehold land:

Revalued amount of freehold land has been determined by reference to local market values of land taking into account prevailing fair market prices under the position and circumstances present on the date of revaluation and current market scenario for properties of similar nature in the immediate neighborhood and adjoining areas.

Building:

Revalued amount of building has been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical condition and level of preventive maintenance carried out by the Company.

Plant and machinery:

Valuation is based on inquiries from the local manufactureres / suppliers of the similar machinery that was compared to the prices of machinery and equipment installed in other comparable companies and the information provided by the client. The invoice value was enhanced to about 20% to cater for the duty structure and overheads like insurance, clearing and freight costs and installation etc to come to the landed cost, which was compared with the prices of equivalent and similar machinery.

46.2.2 Non-recurring fair value measurements

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

	2019 Rupees	2018 Rupees
47 RESTRICTION ON TITLE, AND ASSETS PLEDGED AS SECURITY		
Mortgages and charges		
Charge over current assets	209,000,000	209,000,000
Charge over fixed assets	321,000,000	321,000,000
Pledge		
Raw material	2,972,627	8,717,336
Finished goods	10,533,863	42,654,512

48 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2019		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	-	2,090,400	-
Allowances and perquisites	-	1,029,600	-
Post employment benefits	-	-	-
	-	3,120,000	-
Number of persons	1	2	-

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	2018		
	Chief Executive <i>Rupees</i>	Directors <i>Rupees</i>	Executives <i>Rupees</i>
Managerial remuneration	-	-	6,660,362
Allowances and perquisites	-	-	2,220,121
Post employment benefits	-	-	-
	<u>-</u>	<u>-</u>	<u>8,880,483</u>
Number of persons	<u>1</u>	<u>2</u>	<u>6</u>

The chief executive and directors are provided with cars maintained by the Company and telephone at their residence. The other directors have waived their meeting fees and remuneration.

49 SEGMENT INFORMATION

- 49.1 The Company is a single reportable segment.
- 49.2 All non-current assets of the Company are situated in Pakistan.
- 49.3 All sales of the Company have originated from Pakistan.

50 NUMBER OF EMPLOYEES

Total number of employees of the Company as at the reporting date are 47 (2018: 379). Average number of persons employed by the Company during the year are 123 (2018: 235).

51 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

52 PLANT CAPACITY AND ACTUAL PRODUCTION

	<i>Unit</i>	2019	2018
Owned			
Total number of spindles installed	<i>No.</i>	50,136	50,136
Average number of spindles worked	<i>No.</i>	14,776	10,916
Number of shifts worked per day	<i>No.</i>	1 to 3	1 to 3
Plant capacity on the basis of utilization converted into 20s count	<i>Kgs</i>	14,924,234	14,924,234
Actual production converted into 20s count	<i>Kgs</i>	1,240,215	3,619,940

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

53 EVENTS AFTER BALANCE SHEET DATE

There is no event after the reporting period requiring any adjustment in or disclosure in financial statements.

54 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 04, 2019 by the Board of Directors of the Company.

Shadman Cotton Mills Limited

55 RECLASSIFICATION

The following have been reclassified for better presentation.

Particulars	From	To	2018 (Rupees)
Advances to employees and suppliers	Advances, deposits, prepayments and other receivables	Loans and advances	9,720,021
Security deposits	Advances, deposits, prepayments and other receivables	Trade deposits and short term prepayments	3,500,000
Rent, rebate and other receivables	Advances, deposits, prepayments and other receivables	Other receivables	2,814,094
Sales tax refundable and special excise duty	Advances, deposits, prepayments and other receivables	Tax refunds due from government	2,846,351

56 GENERAL

56.1 Figures have been rounded off to the nearest rupee.

56.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Shadman Cotton Mills Limited

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2019

Number of ShareHolders	Shareholdings		Total Number of Share Held	Percentage of Total Capital
	From	To		
594	1 -	100	15,158	0.09
227	101 -	500	51,722	0.29
160	501 -	1000	114,515	0.65
125	1001 -	5000	247,508	1.40
9	5001 -	10000	53,001	0.30
5	10001 -	15000	63,792	0.36
2	15001 -	20000	31,750	0.18
5	20001 -	25000	102,599	0.58
1	25001 -	30000	29,121	0.17
2	50001 -	55000	102,484	0.58
1	70001 -	75000	74,016	0.42
2	105001 -	110000	213,308	1.21
1	400001 -	405000	401,566	2.28
1	515001 -	520000	519,793	2.95
1	1105001 -	1110000	1,105,528	6.27
2	1495001 -	1500000	3,000,000	17.01
1	11510001 -	11515000	11,510,858	65.27
1,139			17,636,719	100.00

Shadman Cotton Mills Limited

CATEGORIES OF SHAREHOLDERS AS ON JUNE 30, 2019

Sr. #	Name	Shares Held	Percentage
Individuals			
		Sub-Total:	2,194,832 12.4447
Directors, Chief Executive Officer, and their spouse and minor children			
1	NAUREEN REHAN	519,793	2.9472
2	SHAHID MAZHAR	11,510,858	65.2664
3	AHMED BIN SHAHID	1,500,000	8.5050
4	MR. SHAHID MAHMUD	500	0.0028
5	MR. NADEEM BHATTI	500	0.0028
6	MUHAMMAD AKHTAR	939	0.0053
7	GHAZALA SHAHID	401,566	2.2769
8	MUHAMMAD AFNAN SHAHID (MINOR) THRO SHAHID MAZHAR (GUARDIAN)	1,500,000	8.5050
		Sub-Total:	15,434,156 87.5115
NIT and ICP			
1	M/S. INVESTMENT CORPORATION OF PAKISTAN	479	0.0027
2	M/S. NATIONAL BANK OF PAKISTAN, TRUSTEE DEPARTMENT	2,500	0.0142
		Sub-Total:	2,979 0.0169
Mudarabas and Mutual Funds		Nil	Nil
Insurance Companies		Nil	Nil
Banks, Development Financial Institutions, Non Banking Financial Institutions			
1	IDBL (ICP UNIT)	600	0.0034
2	NATIONAL BANK OF PAKISTAN LTD.	2	0.0000
		Sub-Total:	602 0.0034
Others			
1	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED	27	0.0002
2	CAPITAL VISION SECURITIES (PVT) LTD.	1,361	0.0077
3	FIKREES (PRIVATE) LIMITED	1,000	0.0057
4	AWJ SECURITIES (PRIVATE) LIMITED.	386	0.0022
5	MAPLE LEAF CAPITAL LIMITED	1	0.0000
6	NH SECURITIES (PVT) LIMITED.	120	0.0007
7	NH HOLDINGS (PVT) LTD	1,077	0.0061
8	Y.S. SECURITIES & SERVICES (PVT) LTD.	78	0.0004
9	M/S. COLOMBY TRADING LTD.	100	0.0006
		Sub-Total:	4,150 0.0235
		Grand Total:	17,636,719 100.0000
Shareholders having 5% or more voting rights:			
	MUHAMMAD AFNAN SHAHID (MINOR) THRO SHAHID MAZHAR (GUARDIAN)	1,500,000	8.5050
	SHAHID MAZHAR	11,510,858	65.2664
	AHMED BIN SHAHID	1,500,000	8.5050
	RAFIA SULTANA	1,105,528	6.2683
		Total:	15,616,386 88.5447

Shadman Cotton Mills Limited

Folio No./CDC Participant ID

And Account No. _____

CNIC No. _____

PROXY FORM

I/We _____ Son / Daughter / Wife of _____ being member(s) of **Shadman Cotton Mills Limited** and holder of _____ Ordinary Shares as per Registered Folio No. /CDC Participant ID No.Account No. _____ do hereby appoint Mr. _____ of _____ or failing him/her _____ of _____ who is also member of **Shadman Cotton Mills Limited**, vide registered folio no./CDC/ Participant ID No. and Account No. _____ as my / our proxy to vote for me / us and on my / our behalf at the 39th Annual General Meeting of the Company to be held on **Monday, October 28, 2019 at 10.30 a.m.** at 2-E, Block-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2019

1. Witness:

Signature _____

Name _____

Address: _____

CNIC/Passport No. _____

Please affix here

Revenue Stamp of

Rs.5/-

Members' Signature

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as his / her proxy to attend and vote on his / her behalf. Proxies in order to be valid must be received at the Registered Office of the Company 48 hours before the time of the meeting. A proxy must be a member of the Company.
2. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his / her original CNIC or Passport to prove his / her identity and in case of proxy must encloses an attested copy of his / her CNIC or Passport. Representative of corporate members should bring the usual documents required for such purposes.
3. Signature should agree with specimen signature registered with the company.

فولیو نمبر 1 CDC پلانٹ سٹیج نمبر (شرکت نمبر)

کھانا نمبر: _____

کمپیوٹر آنر ڈسٹانسی کارڈ نمبر: _____

پراکسی فارم

میں نام _____
 بیٹا بیٹی / زوجہ _____
 شادمان کائن ملٹریٹمیٹڈ اور حامل _____
 سی ڈی سی پلانٹ سٹیج (شرکت) آئی ڈی اور اکاؤنٹ (کھانا) نمبر: _____
 محترم _____ کا کے _____
 باعد موجودگی کی صورت میں محترم _____
 کا کے _____ بھی جو کے شادمان کائن ملٹریٹمیٹڈ کے رکن ملاحظہ رہنر ڈولیو نمبر 1 سی ڈی سی پلانٹ سٹیج
 (شرکت) آئی ڈی اور اکاؤنٹ (کھانا) نمبر: کو اپنے اہل سہ ماہ پر مورخہ 28 اکتوبر 2019 بروز پیر صبح 10:30 بجے منعقد ہونے والے کینی کے سالانہ اجلاس عام میں حق رائے دہی
 استعمال کرنے یا کسی بھی صورت میں اپنا اہل سہ ماہ پر اکسی مقرر کرنا ہوں کرتے ہیں۔

آج بروز _____ تاریخ _____ 2019 بطور کو اور دستخط کے گئے۔

1) کو اہ

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹر آنر ڈسٹانسی کارڈ نمبر: _____

پانچ روپے مالیت کی رسیدی
 ٹکٹ چسپاں کریں

2) کو اہ

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹر آنر ڈسٹانسی کارڈ نمبر: _____

نوٹ:

- 1- کوئی بھی رکن (ممبر) جو سالانہ اجلاس میں شرکت کرنے اور ووٹ دینے کا اہل سہ ماہ ہے وہ اجلاس میں شرکت کرنے اور ووٹ دینے کے لئے کسی دوسرے رکن (ممبر) کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسیاں موثر ہونے کے لیے اجلاس کے انعقاد سے 48 گھنٹے قبل کینی کے رہنر ڈ آفس میں موصول ہونی چاہیں۔ پراکسی کارکن (ممبر) ہونا لازمی ہے۔
- 2- سی ڈی سی کے آفرو ای مالک جو اس میں شرکت کے ہل ہیں اپنا کمپیوٹر آنر ڈولیو نمبر اپنی شناخت کے لیے ہمراہ لائیں۔ پراکسی کی صورت میں اپنے قومی کمپیوٹر آنر ڈسٹانسی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔ کارپوریٹ ممبرز کے ذمہ داران شناخت کے لیے اس موقع پر درکار موصول کی دواویز استہراولے کر آئیں۔