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## VISION AND MISSION STATEMENT

*THE VISION*

To be the leader in interlining industry by building companies image through Quality improvement, Customer satisfaction and by maintaining a high level of ethical and professional standards through Optimum use of resources.

*MISSION STATEMENT*

1. Endeavoring to be the Market leader and international player by enhancing market share and to conduct business in the best possible manner by using high level of ethical professionalism.
2. Seeking long term and good trading relation with customers and suppliers with fair, honest and mutually profitable dealings.
3. Building an excellent repute of our organization and to maintain high professional and ethical standards with eyes on the future.
4. Offering high quality products according to the highest international standards.
5. Continuous enhancement in shareholders' value through team work and constant improvement in performance in all operating areas in competitive business
6. Providing congenial work environment, where employees are treated with respect and dignity and work as a team of common goals.
7. Contributing to the national economy by uplifting and skills diversification of the people through fulfillment of our social responsibility

## COMPANY PROFILE

**BOARD OF DIRECTORS**

1. Mr. Maqsood Ahmad Butt FCA	:	Chair Person
2. Mr. Faisal Khan	:	Chief Executive
3. Mrs. Naseem Maqsood Butt	:	Director
4. Mr. Ali Maqsood	:	Director
5. Mrs. Durray Zara Butt	:	Director
6. Dr. Aruj Butt	:	Director
7. Sh. Ghulam Mustafa	:	Director

**CHIEF FINANCIAL OFFICER**

Mrs. Durray Zara Butt

**COMPANY SECRETARY**

Mr. Muhammad Sajjad Hussain

**SHARE REGISTRARS**

M/s. Corplink (Pvt.) Ltd.  
Wings Arcade, 1-K, Commercial  
Model Town Lahore.  
Tel: 35839182, 35869037

**LEGAL ADVISOR**

Mr. Mian Waheed Akhtar,  
Advocate High Court/ Supreme Court  
Lahore.

**AUDITORS**

M/s. Qadeer & Co.  
Chartered Accountants,  
32-A Lawrence Road,  
Lahore.

**REGISTERED OFFICE**

2-KM Off Raiwind-Manga Road,  
Raiwind, Lahore.  
Tel: (92 - 42) 35393125-6, 38102800  
Fax: (92 - 42) 35393127  
E-mail: info@aruj.com  
Website: www.aruj.com

**AUDIT COMMITTEE**

Sh. Ghulam Mustafa	Chairman
Mr. Maqsood Ahmad Butt FCA	Member
Mr. Ali Maqsood Butt	Member

**REGISTERED OFFICE**

2-KM Off Raiwind-Manga Road,  
Raiwind, Lahore.  
Tel: (92 - 42) 35393125-6, 38102800  
Fax: (92 - 42) 35393127  
E-mail: info@aruj.com  
Website: www.aruj.com

**HR & REMUNERATION COMMITTEE**

Sh. Ghulam Mustafa	Chairman
Mrs. Naseem Maqsood Butt	Member
Dr. Aruj Butt	Member

**BANKERS**

Standard Chartered Bank (Pakistan) Ltd.  
Habib Bank Limited.  
Bank Alfalah Limited.  
JS Bank Limited.  
Faysal Bank Limited.  
Mezan Bank

## NOTICE OF 26<sup>th</sup> ANNUAL GENERAL MEETING.

Notice is hereby given that 26<sup>th</sup> Annual General Meeting of **Aruj Industries Limited** will be held on Tuesday, November 27, 2018 at 9:00 AM at the Registered Office of the Company at 2-KM, Off: Raiwind Manga Road, Raiwind, Lahore to transact the following business:-

### ORDINARY BUSINESS:

1. To Confirm the Minutes of last Extraordinary General Meeting held on 31<sup>st</sup> March, 2018.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2018 along with Directors and Auditors report thereon.
3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.

### Any Other Business

4. To transact any other business with the permission of the Chair.

By order of the Board

Lahore.  
November 02, 2018

Muhammad Sajjad Hussain  
Company Secretary

### NOTES:

- 1) Share Transfer Books of the Company will remain closed from November 21, 2018 to November 27, 2018 (both days inclusive). Transfers received in order at company's Shares Registrar Office at the close of business on November 20, 2018 will be treated as in time.
- 2) Members who have not yet submitted photocopies of Computerized National Identity Card (CNIC) are requested to send the same at the earliest.
- 3) A member eligible to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- 4) Shareholders are requested to immediately notify the change in address, if any to Company Shares Registrar i.e. M/s Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore Tel: 042-35916714-35916719
- 5) Shareholders who, by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar M/s

Corplink (Pvt) Limited, Wing Arcade, 1-K, Commercial Area, Model Town, Lahore to collect/enquire about their unclaimed dividend or pending shares, if any. Otherwise in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

## CHAIRPERSON'S REVIEW

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of **ARUJ INDUSTRIES LIMITED** is carried out. The objective of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of goals set for the Company.

For the financial year ended June 30, 2018, the Board overall performance and effectiveness has been assessed as satisfactory. The Board also identifies areas of improvement in line with the best practices.

The Board received wide-ranging agendas and supporting papers in a timely manner for its Board meetings. The Board was fully involved in the strategic planning process and in developing the vision for the Company. All Directors, including Independent Director, fully took part in and made contributions to the decision-making process of the Board. The Board has in place comprehensive policies for all relevant areas of the Company's operation and these policies are reviewed and updated from time to time.

The Audit Committee and Human Resources & Remuneration Committee met regularly to fortify the functions of the board.

The company has an independent Internal Audit department, which leads the Internal Audit function and follows a risk based Audit methodology. Audit reports are presented to the Board for review and actions where necessary.

In the closing on behalf of the Board I wish to acknowledge the contribution of all our employees in the success of the Company. I would like to thank our shareholders, bankers, customers, suppliers and other business partners for their confidence and support.

Mr. Maqsood Ahmad Butt FCA

Chairperson

Dated: November 02, 2018

## چیئر مین کا جائزہ

جیسا کہ کارپوریٹ گورننس کے تحت ضروری ہے، عروج انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی سالانہ تشخیص کی جاتی ہے۔ اس تشخیص کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور تاثیر کو کمپنی کے لئے مقرر کردہ مقاصد کے تناظر میں پرکھا جائے۔

30 جون، 2018 کو ختم ہونے والے مالی سال کے لئے، بورڈ کی مجموعی کارکردگی اور تاثیر تسلی بخش رہی ہے۔ بورڈ بہترین طریقوں کے تناظر کے ساتھ بہتری کیلئے بھی شناخت کرتا ہے۔

بورڈ نے اپنی میٹنگ کے لئے بروقت انداز میں وسیع ایجنڈا اور معاون کاغذات وصول کیے ہیں۔ بورڈ اسٹریٹجک منصوبہ بندی کے عمل میں اور کمپنی کے نقطہ نظر کو فروغ دینے میں مکمل طور پر شریک تھا۔ تمام ڈائریکٹرز، بشمول آزاد ڈائریکٹرز نے مکمل طور پر بورڈ کے فیصلے سازی کے عمل میں حصہ لیا۔ بورڈ کمپنی کے آپریشن کے تمام متعلقہ شعبوں کے لئے جامع پالیسیاں رکھتا ہے اور ان پالیسیوں کا وقفوں سے جائزہ لیا جاتا ہے اپ ڈیٹ کیا جاتا ہے اور آڈٹ کمیٹی اور انسانی وسائل اور معاوضہ کمیٹی نے باقاعدگی سے بورڈ کے افعال کو مضبوط بنانے کے لئے ملاقات کی تھیں۔

آڈٹ کمیٹی اور ایچ آر کمیٹی بورڈ کے انتظامات کو مضبوط کرنے کیلئے باقاعدگی سے ملتے رہتے ہیں۔

کمپنی میں ایک اندرونی آڈیٹ ڈیپارٹمنٹ ہے، جو اندرونی آڈیٹ کی قیادت کرتا ہے اور خطرے کی بنیاد پر آڈٹ کے طریقہ کار کی پیروی کرتا ہے۔ آڈٹ کی رپورٹوں کو جائزہ لینے اور اقدامات کے لئے بورڈ کو پیش کیا جاتا ہے۔

آخر میں بورڈ کی طرف اپنے تمام ملازموں کے تعاون کو تسلیم کرنا چاہتا ہوں۔ میں اپنے حصص داروں، بینکوں، گاہکوں، سپلائرز اور دیگر کاروباری شراکت داروں کو اپنے اعتماد اور حمایت کے لئے شکریہ ادا کرنا چاہتا ہوں۔

مقصود احمد بٹ ایف۔ سی۔ اے

چیئر مین

تاریخ: 02 نومبر، 2018

DIRECTORS’ REPORT

The Directors of your Company would like to present to you the 26<sup>th</sup> Annual General Meeting of **Aruj Industries Ltd.** And would like to present their report along with the audited accounts for the year ended 30<sup>th</sup> June, 2018.

OPERATING RESULTS:

	For the year ended June 30, 2018 Rupees	For the year ended June 30, 2017 Rupees
Sales	1,162,366,244	1,380,753,165
Gross Profit	109,278,921	159,622,840
Profit/(Loss) Before Taxation	11,278,442	44,465,114
Taxation	4,708,156	13,002,955
Profit/(Loss) After Taxation	6,570,286	31,462,159
Earnings per Share	0.63	3.01

SALIENT FEATURES:

While your company was able to maintain sales of over Rs 1 Billion over the last financial year, it however could not cross the target it had set out for itself. Despite an extremely trying time for the industry, both locally and globally; your company was still able to maintain positive earning Per Share.

After shifting the focus on mainly the export oriented markets, your Company had to also face the myriad of problems faced by other Pakistani exporters. We have to compete with countries like Bangladesh, Vietnam and Cambodia; where the low cost of labour earns them a premium. Our global competitiveness as a country is compromised when compared to those countries. As a result, we had to match our prices with what those countries were able to give. And thus, your Company took a decision to not corrode it’s customer base and rather reduce profitability to retain them.

Similarly, having to battle with the highest tariff rates for gas and electricity also exasperated the pressure. Paying Rs. 1513 per mmbtu of gas against Rs. 600 per mmbtu in Sindh and KPK also puts extra pressure on profitability. Moreover, this year saw a record increase in the price of imported coal, which is what factories in the Punjab were using as fuel. A price hike of almost 40% in the landed price for coal is difficult to pass on to our consumers.

We expect these pressures to continue into the first 2 quarters of the current financial year, and what changes have been proposed by the new government would be slow to take hold. However, we do see a brighter 2nd half-year, as we have full faith in our capabilities. We are geared up as a complete apparels unit while our processing side continues to gain foothold. And we see positive steps taken by the government to increase our global competitiveness, which shall bear fruit in the coming months.

STATEMENT OF COMPLIANCE ON CORPORATE AND FINANCIAL FRAME WORK:

The management is fully aware of the compliance with code of corporate governance as incorporated in the additional listings regulations of the stock exchanges and necessary steps Have been taken for their effective implementations which are as follows:

PRESENTATION OF FINANCIAL STATEMENTS:

The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

BOOKS OF ACCOUNTS:

Proper books of account of the Company have been maintained.

ACCOUNTING POLICIES:

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimate are based on reasonable and prudent judgment.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS:

International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

INTERNAL CONTROL SYSTEM:

The system of internal control of the Company is sound and has been effectively implemented and is being monitored by the qualified internal auditors.

GOING CONCERN:

There are no significant doubts upon the Company's ability to continue as a going concern.

BEST PRACTICES OF CORPORATE GOVERNANCE:

There has been no material departure from the best practices of corporate governance, as described in the listing regulations of the stock exchanges.

FINANCIAL DATA OF LAST SIX YEARS:

Key operating and financial data of last six years is annexed.

OUTSTANDING STATUTORY DUES:

The Company is regular payer of all Government dues and previous record is quite evident and clear in this regard.

SIGNIFICANT PLANS AND DECISIONS:

As part of its balancing modernization and replacement plan, the Company has added certain machinery to increase the quality of its products.

MEETINGS OF BOARD OF DIRECTORS:

During the year six meetings of the board of Directors of the Company were held. Attendance by each Director in the meeting is as follows:

	Name of Directors	Meeting Attended
1.	Mr. Maqsood Ahmad Butt	6
2.	Dr. Mrs. Naseem Maqsood	6
3.	Mr. Ali Maqsood Butt	6
4.	Mr. Faisal Khan	6
5.	Mr. Durray Zara Butt	6
6.	Dr. Aruj Butt	6
7.	Sh..Guulam Mustafa	6



Leave of absence was granted to the directors who could not attend the meeting of the board.

#### AUDIT COMMITTEE:

The Board of Directors in compliance to the code of corporate governance has established an audit committee and the following directors are its members.

1. Sh. Ghulam Mustafa	Chairperson
2. Mr. Maqsood Ahmad Butt	Member
3. Mr. Ali Maqsood Butt	Member

#### EARNING PER SHARES:

Earning per share for the period ended 30th June 2018 works out to Rs. 0.63 as compared to Rs. 3.01 per share of the last year.

#### AUDITORS:

The auditors, M/s Qadeer & Company, Chartered Accountants have retired and being eligible, have offered themselves for re-appointment.

The audit committee of the board has recommended to the board their appointment as auditors of the Company for the year 2018-19.

#### PATTERN OF SHAREHOLDING:

Statements showing the Pattern of Shareholding as at 30 June, 2018 required under the Company Act 2017, and the code of corporate governance are annexed.

#### TRADING IN COMPANY'S SHARES:

The Directors, CEO, traded in the shares of the Company during the year have been disclosed in form 34 attached in this annual report.

#### ACKNOWLEDGEMENT:

We would like to take this opportunity to express our appreciation to the management and employees of the Company for their hard work and dedication. We would also like to express our gratitude to our valued shareholders, customers, suppliers and financial institutions for their cooperation, constant support and trust reposed in your Company.

FOR AND ON BEHALF OF THE BOARD

(Mr. Maqsood Ahmad Butt FCA)  
(Chairman)

(Mr. Faisal Khan)  
(Chief Executive)

Lahore  
Dated: November 02, 2018

جوڈائزیکٹرز بورڈ کے اجلاس میں شرکت نہیں کر سکتے تھے، ان کی رخصت دی گئی تھی۔

آڈٹ کمیٹی:

کارپورٹ گورننس کے کوڈ پر عمل پیرا ہوتے ہوئے بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی قائم کیا ہے اور مندرجہ ذیل ڈائریکٹرز اس کے اراکین ہیں۔

1.	شیخ غلام مصطفیٰ	چیئر پرسن
2.	مقصود احمد بٹ	رکن
3.	علی مقصود بٹ	رکن

ایک حصہ کمائی:

30 جون 2018 کو ختم ہونے والے سال کیلئے ہر 10 روپے کے حصہ پر Rs. 0.63 آمدنی ہوئی جبکہ 30 جون 2017 کو ختم ہونے والے سال کیلئے ہر حصہ پر آمدنی Rs.3.01 تھی،

آڈیٹرز:

میسرز قدیر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور اہل ہونے کے ساتھ دوبارہ تعیناتی کیلئے اپنے آپ کو پیش کر رہے ہیں۔

بورڈ کی آڈٹ کمیٹی نے سال 2018-19 کے لیے میسرز قدیر اینڈ کمپنی کی تقرری کیلئے بورڈ کو تجویز کیا ہے۔

حصہ داران کی تفصیل:

کمپنی آرڈیننس 1984 اور کارپوریٹ گورننس کے تحت 30 جون 2018 کو حصہ داران کی تفصیل لف ہیں۔

کمپنی کے حصہ میں ٹریڈنگ:

ڈائریکٹرز اور سی ای او نے سال کے دوران کمپنی کے حصہ میں ٹریڈنگ کی ہے فارم 34 میں درج کیا گیا ہے اور سالانہ رپورٹ میں منسلک ہے۔

اعتراف:

کمپنی کی انتظامیہ، ملازمین کی محنت اور لگن سے کام کرنے کیلئے تعریف کے مستحق ہیں ہم اپنے قابل قدر حصہ یافتگان، گاہکوں، سپلائرز اور مالیاتی اداروں کے تعاون، مدد، مسلسل حمایت اور اعتماد کے شکرگزار ہیں۔

مقصود احمد بٹ ایف۔سی۔ اے  
چیئر مین

فیصل خان

چیف ایگزیکٹو

تاریخ: 02 نومبر، 2018

## ڈائریکٹرز رپورٹ

آپ کی کمپنی عروج انڈسٹریز لمیٹڈ کے ڈائریکٹرز کمپنی کے 26 ویں سالانہ عام اجلاس کے سامنے 30 جون 2018 ویں ختم ہونے والے سال کے لیے آڈٹ شدہ اکاؤنٹس کے ساتھ ساتھ اپنی رپورٹ پیش کرنا چاہیں گے۔

	سال 30 جون 2018	سال 30 جون 2017
سیلز	1,162,366,244	1,380,753,165
کل منافع	109,278,921	159,622,840
منافع/(نقصان) ٹیکسیشن سے پہلے	11,278,442	44,465,114
ٹیکسیشن	4,708,156	13,002,955
منافع/(نقصان) ٹیکسیشن سے بعد	6,570,286	31,462,159
فی شیئر آمدنی	0.63	3.01

نمایاں خصوصیات:

اگرچہ آپ کی کمپنی گزشتہ مالی سال کے دوران ایک ارب روپے سے زائد فروخت کو برقرار رکھنے میں کامیاب رہی تھی، تاہم یہ ہمارے اپنے مقرر کردہ ہدف کو پار نہیں کر سکا تھا۔ صنعتوں کیلئے مقامی اور عالمی سطح پر انتہائی مخدوش حالات کے باوجود؛ آپ کی کمپنی اب بھی فی شیئر مثبت آمدنی کو برقرار رکھنے میں کامیاب رہی ہے۔

بنیادی طور پر درآمد پر مبنی مارکیٹوں پر توجہ مرکوز کرنے کے بعد، آپ کی کمپنی کو بھی باقی پاکستانی برآمد کنندگان کی طرح سے مشکلات کا سامنا کرنا پڑا۔ ہمیں بنگلہ دیش، ویت نام اور کمبوڈیا جیسے ممالک سے مقابلہ کرنا ہے۔ جہاں کم اجرتوں کے باعث ہمارے ملک کی عالمی مسابقتی ان ممالک کے مقابلے میں کم ہے۔ اس کے نتیجے میں، ہمیں اپنی قیمتوں کو ان ممالک کے برابر لانا پڑا، آپ کی کمپنی نے فیصلہ کیا کہ خریداروں کو چھوڑنے سے گریز کیا جائے۔ اور ان خریداروں کو برقرار رکھنے کے لیے منافع کو کم کرنے کا فیصلہ کیا۔

اسی طرح، گیس اور بجلی کی بہت زیادہ قیمتوں نے حالات کو مزید خراب کیا ہے۔ ہم گیس Rs.1513 روپے / mmbtu پر خرید رہے ہیں جبکہ سندھ اور خیبر پختونخواہ میں اس کی قیمت Rs.600 / mmbtu ہے۔ جس کی وجہ سے منافع کم سے کم ہوتا چلا گیا۔ اس کے علاوہ، اس سال درآمد شدہ کوئلے کی قیمت میں ریکارڈ اضافہ دیکھا گیا ہے، جو پنجاب میں فیکٹریاں ایندھن کے طور پر استعمال کر رہے ہیں۔ کوئلہ کی قیمت میں تقریباً 40 فیصد اضافہ بھی ہمارے لیے صارفین کو منتقل کرنا مشکل ہے۔

ہم سمجھتے ہیں کہ یہ دباؤ موجودہ مالی سال کے پہلے دوسرے ماہیوں میں جاری رہے گا، اور نئی حکومت کی طرف سے تجویز کردہ تبدیلیوں کو اثر پذیر ہونے میں وقت لگے گا۔ تاہم، ہم دوسرا نصف سال روشن دیکھتے ہیں، ہمیں اپنی صلاحیتوں پر مکمل اعتماد ہے۔ ہم ایک Integrated ایونٹ کے طور پر کام کر رہے ہیں اور ہماری پروسیسنگ مارکیٹ میں اپنے قدم بھارتی ہے۔ حکومت کی طرف سے لیے جانے والے مثبت اقدامات کو دیکھتے ہوئے ہماری عالمی مسابقتی بہتر ہو جائے گی جس کا پھل آنے والے مہینوں میں متوقع ہے۔

**Corporate and Financial** فریم ورک پر تعمیل کا بیان:

انتظامیہ کارپوریٹ اور فائننشل فریم ورک پر عمل درآمد کے بارے میں بخوبی آگاہ ہے، بشمول سٹاک ایکسچینج کی اضافی لسٹنگ کے ضابطے کے جن کی تعمیل کے لیے اقدام کیے گئے ہیں۔

مالی بیانات کی پریزنٹیشن:

کمپنی کی انتظامیہ کی طرف سے تیار کیے گئے مالی بیانات، کمپنی کی کاروباری امور، اس کے آپریشنز، اور ایکویٹی کی تبدیلی کے بارے میں مناسب طور پر پیش کرتے ہیں۔

اکاؤنٹس کی کتب:

حساب کتاب کی کتابوں کو صحیح طریقے سے رکھا گیا ہے۔

اکاؤنٹنگ پالیسیاں:

مالی بیانات اور اکاؤنٹنگ تخمینہ کی تیاری میں اکاؤنٹنگ پالیسیوں کے تسلسل کو لاگو کیا گیا ہے۔ جو کہ دانشمندانہ فیصلے پر مبنی ہیں۔

بین الاقوامی اکاؤنٹنگ معیار کے ساتھ تعمیل:

انٹرنیشنل اکاؤنٹنگ سٹینڈرڈ جو کہ پاکستان میں لاگو ہیں، ان کی پیروی کرتے ہوئے مالی بیانات بنائے گئے ہیں اور جہاں پیروی نہیں کی گئی، ان کا انکشاف کر دیا گیا ہے۔

اندرونی کنٹرول کا نظام:

کمپنی کی اندرونی کنٹرول کا نظام مضبوط ہے اور موثر طریقے سے لاگو کیا گیا ہے، اور قابلیت رکھنے والے اندرونی آڈیٹرز کی نگرانی میں ہیں۔

کمپنی کی مضبوطی:

کمپنی کو اپنا کاروبار احسن طریقے سے جاری رکھنے کے بارے میں کوئی تشویش نہیں۔

کارپوریٹ گورننس کے بہترین طریقے:

اسٹاک ایکسچینج کی لسٹنگ ہدایات پر عمل کرتے ہوئے کارپوریٹ گورننس کے بہترین طریقوں پر عمل داری میں کوئی کوتاہی نہیں ہیں۔

گزشتہ چھ سال کے مالی نتائج:

گزشتہ چھ سال کے کلیدی آپریٹنگ اور مالیاتی حقائق لف ہیں۔

قانونی واجبات:

کمپنی اپنے تمام سرکاری واجبات باقاعدگی سے ادا کر رہی ہے، اور پچھلا ریکارڈ اس سلسلے میں بالکل واضح اور صاف ہے۔

اہم منصوبے اور فیصلے:

کمپنی کے پیداواری عمل کو جدید، متوازن اور متبادل بنانے کے لیے کمپنی نے کچھ مشینری شامل کی ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس:

سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد کئے گئے تھے، ہر ایک کی طرف سے حاضری کی تفصیل یہ ہے۔

1. جناب مقصود احمد بٹ 6
2. ڈاکٹر مسز نسیم مقصود 6
3. جناب علی مقصود بٹ 6
4. جناب فیصل خان 6
5. مسز درے زارا بٹ 6
6. ڈاکٹر عروج بٹ 6
7. شیخ غلام مصطفیٰ 6

## KEY OPERATING & FINANCIAL DATA FROM 2013 TO 2018

	2013	2014	2015	2016	2017	2018
Net Sales Revenue	478,459,896	545,923,658	90,5884,377	1,251,872,885	1,380,753,165	1,162,366,244
Cost of Goods Sold	417,303,509	469,198,144	787,975,189	1,111,629,891	1,221,130,325	1,053,087,323
Gross Profit	61,156,387	76,725,514	117,909,188	140,242,994	159,622,840	109,278,921
Operating Profit/ (Loss)	43,417,412	47,686,824	66,897,424	76,425,274	67,811,308	46,260,375
Profit (Loss) Before Tax	29,298,698	29,187,091	42,956,399	54,820,016	44,465,114	11,278,442
Profit (Loss) After Tax	21,452,806	30,290,005	31,831,989	41,668,897	31,462,159	6,570,286
Paid up Capital	61,517,000	61,517,000	104,578,900	104,578,900	104,578,900	104,578,900
Current Assets	210,979,860	311,992,951	472,181,494	558,523,178	717,764,147	777,259,385
Current Liabilities	193,386,001	244,981,131	371,623,045	426,037,663	648,855,757	755,144,995

## ARUJ INDUSTRIES LTD.

### STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED AT JUNE 30, 2018

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

- I. The total number of directors are 7 as per the following:
  - a. MALE : 04
  - b. FEMALE : 03

2. The composition of board is as follow:

Category	Names
Independent Director	o Mr. Shaikh Ghulam Mustafa
Executive Directors	o Mr. Faisal Khan o Mrs. Durray Zara Butt
Non-Executive Directors	o Mr. Maqsood Ahmad Butt FCA - Chairman o Mr. Ali Maqsood Butt o Dr. Mrs. Naseem Maqsood Butt o Dr. Aruj Butt

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In terms of regulation 20 of the 2017 code, the companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2021. Majority of the directors are exempted under exemption criteria of 14 years of education and 15 year of experience on the board of listed Company.
10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
11. Chief Financial Officer (**CFO**) and Chief Executive Officer (**CEO**) duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
  - a) **Audit Committee**
    1. Mr. Shaikh Ghulam Mustafa – Chairman/ member
    2. Mr. Maqsood Ahmad Butt FCA – member
    3. Mr. Ali Maqsood Butt – member
  - b) **HR and Remuneration Committee**
    1. Mr. Shaikh Ghulam Mustafa – Chairman/ member
    2. Dr. Mrs. Naseem Maqsood Butt – member
    3. Dr. Aruj Butt – member



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS  
OF ARUJ INDUSTRIES LIMITED

Review Report on the Statement of Compliance contained in Listed Companies  
(Code of Corporate Governance) Regulations,2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Aruj Industries Limited (the Company) for the year ended June 30,2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

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

Name of the engagement partner:  
Nawaz Khan, FCA

Lahore,  
Dated: November 02, 2018

Qadeer and Company,  
Chartered Accountants

13. The terms of references of the aforesaid committee have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:
- |                                  |     |
|----------------------------------|-----|
| a) Audit Committee               | (5) |
| b) HR and Remuneration Committee | (1) |
15. The Board has set up an effective internal audit function supervised by a qualified Accountant, who is being assisted by in house executives to carry out the Internal Control functions. The Head of Internal Audit is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirements 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.

(Mr. Maqsood Ahmad Butt FCA)  
(Chairman)  
Lahore  
Dated: November 02, 2018

(Mr. Faisal Khan)  
(Chief Executive)  
Lahore  
Dated: November 02, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Aruj Industries Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters;

Sr. No.	Key Audit Matters	How the matters were addressed in our audit
(i)	<p><b>New requirements under the Companies Act, 2017</b></p> <p>As referred to in note 2.03 to the annexed financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company’s annual financial statements for the year ended June 30, 2018.</p> <p>The companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed their impact in the Company’s financial statements.</p> <p>We consider it as a key audit matter in view of the extensive impacts in the financial statements due to the Companies Act, 2017.</p>	<p>Our audit procedures included the followings:</p> <ul style="list-style-type: none"><li>Considering the management’s process to identify the necessary amendments required in the Company’s financial statements.</li><li>Evaluating the results of management’s analysis and key decisions in respect of the transaction, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company’s operations and business.</li><li>Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.</li><li>Completion of disclosure checklists issued by regulatory / professional bodies</li></ul>
(ii)	<p><b>Revenue</b></p> <p>Refer to notes 4.15 and 25 to the financial statements</p>	<p>Our audit procedures to assess the recognition of revenue included the followings;</p>

	<p>The Company is engaged in the manufacturing and sale of Fusible Interlining and Dying / Bleaching / Stitching / processing of Fabrics both within and outside Pakistan.</p> <p>The Company recognized revenue from the sales amounting Rs. 1,162,366,244/- for the year ended June 30, 2018.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p>	<ul style="list-style-type: none"><li>Obtaining an understanding of the process relating to recognition of revenue and assessing the design, implementation and operating effectiveness of key internal controls over recording revenue.</li><li>Comparing a sample of revenue transactions recorded during the year with sales orders, sales and commercial invoices, delivery orders, bill of landing and other relevant underlying documents.</li><li>Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, sales and commercial invoices, delivery orders, bill of landing and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period.</li><li>Comparing the details of the sample of the journal entries posted to the revenue accounts during the year which met certain specific risk based criteria, with the relevant underlying documentation.</li></ul>
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Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

If, based on the work we have performed, we concluded 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.



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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Nawaz Khan, FCA**.

Lahore,  
Dated: November 02, 2018

Qadeer and Company,  
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	NOTE	2018	2017
		Rupees	
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital: 12,500,000 (2017: 12,500,000)			
ordinary shares of Rs. 10/- each		125,000,000	125,000,000
Issued, subscribed and paid up share capital	5	104,578,900	104,578,900
Capital reserve		100,000,000	100,000,000
Directors' Loan	6	83,523,538	48,993,418
Unappropriated profit		74,807,554	80,354,915
		362,909,992	333,927,233
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease	7	29,777,120	22,366,998
Deferred liabilities	8	43,435,337	34,677,849
		73,212,457	57,044,847
<b>Current liabilities</b>			
Trade and other payables	9	331,590,322	312,881,106
Unclaimed dividend		2,290,218	1,911,671
Markup accrued on loans and other payables	10	4,142,499	1,248,141
Short term borrowings	11	406,017,881	315,757,126
Current portion of long term borrowings	12	26,607,424	17,252,641
Provision for taxation	13	11,104,075	17,057,713
		781,752,419	666,108,398
<b>Contingencies and commitments</b>	14	-	-
<b>Total equity and liabilities</b>		1,217,874,868	1,057,080,478
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	380,709,097	284,393,404
Capital work in process	16	52,832,815	50,202,436
		433,541,912	334,595,840
Long term deposits	17	7,073,571	4,720,492
		440,615,483	339,316,332
<b>Current assets</b>			
Stores, spare parts and loose tools	18	10,031,453	3,637,859
Stock in trade	19	366,059,808	272,728,850
Trade debts	20	228,227,368	180,331,371
Loans and advances	21	113,240,465	112,307,980
Trade deposits and short term prepayments	22	1,587,610	1,048,819
Tax refunds due from the Government	23	40,137,986	140,144,107
Cash and bank balances	24	17,974,695	7,565,160
		777,259,385	717,764,146
<b>Total assets</b>		1,217,874,868	1,057,080,478
The annexed notes form an integral part of these financial statements.			

FAISAL KHAN  
CHIEF EXECUTIVE

ALI MAQSOOD BUTT  
DIRECTOR

MRS. DURRAY ZARA BUTT  
CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018	2017
		Rupees	
Sales-net	25	1,162,366,244	1,380,753,165
Less: Cost of sales	26	1,053,087,323	1,221,130,325
Gross Profit		109,278,921	159,622,840
Less: Selling and Distribution cost	27	21,145,811	52,618,817
Less: Administrative expenses	28	41,872,735	39,192,715
Operating Profit		46,260,375	67,811,308
Less: Finance cost	29	34,146,044	20,050,713
Less: Other expenses	30	835,889	3,295,481
Profit before taxation		11,278,442	44,465,114
Taxation	31	4,708,156	13,002,955
Profit for the year		6,570,286	31,462,159
Earnings per share - basic and diluted	32	0.63	3.01

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

FAISAL KHAN

CHIEF EXECUTIVE

ALI MAQSOOD BUTT

DIRECTOR

MRS. DURRAY ZARA BUTT

CHIEF FINANCIAL OFFICER

ARUJ INDUSTRIES LTD.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018	2017
		Rupees	
Profit for the year		6,570,286	31,462,159
Other comprehensive (loss) /Income			
Items that will not be subsequently reclassified to profit and loss:			
Remeasurement of staff retirement benefit		536,400	(459,879)
Total comprehensive income for the year		7,106,686	31,002,280

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

FAISAL KHAN

CHIEF EXECUTIVE

ALI MAQSOOD BUTT

DIRECTOR

MRS. DURRAY ZARA BUTT

CHIEF FINANCIAL OFFICER



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	SHARE CAPITAL	CAPITAL RESERVE	DIRECTORS' LOAN	UNAPPROPRIAT ED PROFIT	TOTAL
	(RUPEES)				
BALANCE AS AT JULY 01, 2016	104,578,900	50,000,000	48,993,418	99,352,635	302,924,953
Profit for the year	-	-	-	31,462,159	31,462,159
Other comprehensive income / (loss)	-	-	-	(459,879)	(459,879)
Total comprehensive income for the year:	-	-	-	31,002,280	31,002,280
Transfer to capital reserves	-	50,000,000	-	(50,000,000)	-
BALANCE AS AT JUNE 30, 2017	104,578,900	100,000,000	48,993,418	80,354,915	333,927,233
Loan from directors	-	-	34,530,120	-	34,530,120
Final dividend for the year ended June 30, 2017 @ Rs. 1.21 per share	-	-	-	(12,654,047)	(12,654,047)
Transaction with owners	-	-	34,530,120	(12,654,047)	21,876,073
Profit for the year	-	-	-	6,570,286	6,570,286
Other comprehensive income / (loss)	-	-	-	536,400	536,400
Total comprehensive income for the year:	-	-	-	7,106,686	7,106,686
BALANCE AS AT JUNE 30, 2018	104,578,900	100,000,000	83,523,538	74,807,554	362,909,992

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

FAISAL KHAN  
CHIEF EXECUTIVE

ALI MAQSOOD BUTT  
DIRECTOR

MRS. DURRAY ZARA BUTT  
CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,278,442	44,465,114
Adjustment for:		
Depreciation	31,926,958	25,916,070
Financial Charges	34,146,044	20,050,713
Provision for gratuity	6,799,330	6,065,095
Worker's welfare fund	230,172	907,451
Worker's profit participation fund	605,717	2,388,030
	73,708,221	55,327,359
Profit before working capital changes	84,986,663	99,792,473
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(6,393,594)	(1,809,268)
Stock in trade	(93,330,958)	(30,662,002)
Trade debts	(47,895,997)	(63,508,661)
Loans and advances	3,182,468	(24,180,605)
Trade deposits and short term prepayments	(538,791)	(174,038)
Tax refunds due from the Government	100,006,121	(40,932,491)
Increase/(decrease) in current liabilities:		
Trade and other payables	20,261,357	66,503,894
	(24,709,394)	(94,763,171)
Cash generated from operations	60,277,269	5,029,302
Financial charges paid	(31,251,686)	(20,173,122)
Staff retirement benefits paid	(61,000)	(320,000)
Workers' profit participation fund paid	(2,388,030)	(4,631,302)
Taxes paid	(12,221,189)	(17,023,343)
Net cash inflow from operating activities	14,355,364	(37,118,465)
CASH FLOWS FROM INVESTING ACTIVITIES		
Long-term security deposits	(2,353,079)	(3,097,571)
Fixed capital expenditure - net of disposal	(15,235,334)	(23,841,892)
Capital work in progress	(72,169,877)	(98,962,392)
Net cash used in investing activities	(89,758,290)	(125,901,855)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) from directors' loans - Net	34,530,120	-
Proceeds / (Repayment) from Lease Finance - Net	(26,702,914)	(3,581,303)
Proceeds / (Repayment) from short term borrowings - Net	90,260,755	155,815,422
Dividend paid	(12,275,500)	-
Net cash used in financing activities	85,812,461	152,234,119
Net (decrease) / increase in cash and cash equivalents	10,409,535	(10,786,201)
Cash and cash equivalents at the beginning of the year	7,565,160	18,351,361
Cash and cash equivalents at the end of the year	17,974,695	7,565,160

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

FAISAL KHAN  
CHIEF EXECUTIVE

ALI MAQSOOD BUTT  
DIRECTOR

MRS. DURRAY ZARA BUTT  
CHIEF FINANCIAL OFFICER



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1 LEGAL STATUS AND OPERATIONS

Aruj Industries Limited ("the Company") was incorporated in Pakistan on December 31, 1992 under the Companies Ordinance, 1984 (now the Companies Act 2017), as a Public Company, limited by shares which are quoted on Pakistan Stock Exchange Limited. The company is principally engaged in manufacturing of Fusible Interlining and Dying / Bleaching / Stitching of Fabric. The Company commenced its commercial operations on May 15, 1995. The registered office and factory of the Company is situated at 2-KM, Off Raiwind Manga Road, Raiwind, Lahore.

Aruj Industries Limited ("the Company") was incorporated in Pakistan on December 31, 1992 under the Companies Ordinance, 1984 (now the Companies Act 2017), as a Public Company, limited by shares which are quoted on Pakistan Stock Exchange Limited. The company is principally engaged in manufacturing of Fusible Interlining and Dying / Bleaching / Stitching of Fabric. The Company commenced its commercial operations on May 15, 1995. The registered office and factory of the Company is situated at 2-KM, Off Raiwind Manga Road, Raiwind, Lahore.

1.1 Summary of significant events and transactions in the current reporting period

All significant transactions and events that have affected the Company’s fnancial position and performance during the year have been adequately disclosed in the notes to these financial statements.

2 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 as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017 and provisions of and directives issued under the Companies Act 2017. Where provisions of and directives issued under the Companies Act 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act 2017 have been followed.

2.01 New standards, amendments to approved accounting and reporting standards and new interpretations

2.02 Standards and amendments to approved accounting and reporting standards which became effective during the year ended June 30, 2018

2.03 The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, (a) particulars of immoveable assets of the Company, (b) disclosure of last three years comparison of tax provision and assessment, (c) change in threshold for identification of executive, (d) presentation of unclaimed dividend on face of balance shee etc.

However, there was no change in the reported amounts of profit and other comprehensive income and the amounts presented in the Statement of Financial Position due to reclassification.

2.04 The other amendments to the accounting and reporting standards as applicable in Pakistan that were mandatory for the Company's financial year ended June 30, 2018 are; (a) Amendments to IAS 7: Disclosure Initiative, (b) Amendments to IAS 12: Recognition of Deferred tax assets for Unrealized losses, and (c) Amendments to IFRS 12: Annual Improvements to IFRS Standards 2014-2016 Cycle.

These are considered not to be relevant or to have any significant effect on the Company's financial reporting.

2.05 New standards, amendments to the accounting and reporting standards as applicable in Pakistan that are effective for the Company's accounting period beginning on or after July 01, 2018

	Effective date (annual reporting periods beginning on or after)
IAS 19 Employee benefits (Amendments)	1-Jan-19
IAS 28 Investment in Associates and Joint Ventures (Amendments)	1-Jan-19
IAS 40 Investment property (Amendments)	1-Jan-18
IFRS 2 Share-based Payment (Amendments)	1-Jan-18
IFRS 4 Insurance contracts (Amendments)	1-Jan-18
IFRS 9 Financial Instruments	1-Jul-18
IFRS 15 Revenue from Contracts with Customers	1-Jul-18
IFRS 16 Leases	1-Jan-19
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1-Jan-18
IFRIC 23 Uncertainty Over Income Tax	1-Jan-19

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9, 15 and 16 on its financial statements.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

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

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

3 BASIS OF PREPARATION

3.01 Basis of Measurement

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

3.02 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.01 Foreign currency translation

Transactions in foreign currencies are translated in Pakistan rupees (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan rupees at the rates of exchange approximating those prevalent at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.02 Staff retirement benefits

The company operates an unfunded gratuity scheme for all permanent employees who have completed minimum qualifying period of service. The contributions to the scheme are made in accordance with the independent actuarial valuation using Projected Unit Credit (PUC). The most recent actuarial valuation of the scheme was carried out as at June 30, 2018. The principal actuarial assumptions used for the purpose of the valuation were as follows:

	2018	2017
Discount rate	9.00%	7.75%
Expected rate of salary increase	8.00%	6.75%
Average remaining working life time of employee	11 Years	10 Years

4.03 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

4.04 Trade and other payables

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

4.05 Trade and other payables

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

4.06 Contingent liabilities

Contingent liability is disclosed when:

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

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

4.07 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

4.08 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, cash at banks in current account and deposits accounts.

4.09 Capital work-in-progress

Capital work-in-progress represents expenditure on property, plant and equipment which are in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use. Capital work-in-progress is stated at cost less any identified impairment loss.

4.10 Taxation

a) Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income earned from local as well as foreign operations, as applicable to the respective jurisdictions. The charge for current tax is calculated using prevailing tax rates applicable to taxable income after taking into account tax credits and tax rebates, if any under the provision of Income Tax Ordinance, 2001.

b) Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income.

4.11 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost, applicable exchange differences on foreign currency loans and directly attributable cost of bringing the asset to working condition. Borrowing cost pertaining to the construction/ erection period is also capitalized as part of historical cost.

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

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates specified in Note 15. The company charges the depreciation on additions from the date when the asset is available for use and to the preceding day when the asset is de-recognized.

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

4.12 Accounting for finance lease

Leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to the profit and loss account over the lease term.

Depreciation on assets acquired under a finance lease is charged to the profit and loss account applying reducing balance method over their estimated useful lives at the rates specified in Note 15.

4.13 Stores, spares and loose tools

These are valued at moving average cost, while items considered obsolete are carried at nil values. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.14 Stock-in-trade

These are valued at moving average cost, while items considered obsolete are carried at nil values. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.14 Stock-in-trade

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

Raw material	Weighted average
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realizable value

Raw material is stated at weighted average except items in transit which are valued at cost accumulated up to the balance sheet date.

Cost of work in process and finished goods comprises of cost of direct materials, labour and appropriate manufacturing overheads.

Net realizable value of finished goods and waste represents estimated selling prices in the ordinary course of business less incidental selling expenses.

4.15 Revenue recognition

Revenue represents the fair value of consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

- Export sales are accounted for on shipment basis and exchange difference, if any, on account of export proceeds are adjusted in the period of realization.

- Local sales / processing income is recognized on dispatch of goods to customers.

- Rebate income is recognized on accrual basis.

4.16 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, loan from directors, short term borrowings, accrued mark-up and trade and other payables etc. All financial assets and financial 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 measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Offsetting of financial assets and liabilities

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

4.18 Loans and receivables

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

4.19 Impairment

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

4.20 Related party transactions

Transactions and contracts with related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method except otherwise stated.

4.21 Borrowing cost

Borrowing costs are charged to income in the period in which these are incurred.

4.22 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies, reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follow:

- Property, plant and equipment - useful lives and residual value
- Taxation
- Provision for doubtful receivables and advances
- Provision for inventory obsolescence
- Provisions and contingencies
- Impairment of financial and non-financial assets

4.23 Dividend and other appropriations

Dividend is recognized as a liability in the period in which it is declared. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are approved.

4.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the "chief operating decision-maker", who is responsible for allocating resources and assessing performance of the operating segments.

	NOTE	2018	2017
Rupees			
5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
7,058,190 (2017: 7,058,190) ordinary shares of Rs. 10/- each fully paid in cash		70,581,900	70,581,900
3,399,700 (2017: 3,399,700) ordinary shares of Rs. 10/- each issued for consideration other than cash	5.1	33,997,000	33,997,000
		104,578,900	104,578,900
5.1 These include shares issued against acquisition of assets.			
5.2 All ordinary share holders have same rights regarding voting, board selection, right of first refusal and block voting.			
6 DIRECTORS' LOAN			
Loan from directors - unsecured	6.2	83,523,538	48,993,418
6.1 These loans are accounted for under Technical Release - 32 "Accounting Director's Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements for the period beginning on or after January 01, 2016 with earlier application permitted.			
6.2 This loan has been obtained from Directors of the Company, and is interest free. There is no fixed tenor or schedule for repayment of this loan. According to the loan agreement, the lenders shall not demand repayment and the same is entirely at the Company's option. This loan is for the purpose of capaital expenditure or otherwise as the Board deem fit.			
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	NOTE	2018	2017
Rupees			
The amount of lease rentals payable during:			
2017-2018		-	23,203,670
2018-2019		31,052,950	10,868,660
2019-2020		22,665,751	8,986,363
2020-2021		8,675,882	796,854
2021-2022		1,112,535	
		63,507,118	43,855,547
Less : Future finance charge		7,122,574	4,235,908
Present value of minimum lease payments		56,384,544	39,619,639
Less: Current portion shown under current liabilities	12	26,607,424	17,252,641
Liabilities against assets subject to finance lease		29,777,120	22,366,998
Reconciliation between gross minimum lease payments and their present value :			
Gross minimum lease payments			
Due not later than one year		31,052,950	23,203,670
Due later than one year but not later than five years		32,454,168	20,651,877
		63,507,118	43,855,547
Present value of minimum lease payments			
Due not later than one year		26,607,424	20,751,476
Due later than one year but not later than five years		29,777,121	18,868,163
		56,384,544	39,619,639
Add: Future finance charge			
Due not later than one year		4,072,513	2,452,421
Due later than one year but not later than five years		3,050,061	1,783,487
		63,507,118	43,855,547
The minimum lease payments under the lease agreements are payable in 36-60 equal monthly installments. The minimum lease payments have been discounted at an implicit rate ranging from 8.06% to 13.69% (2017: 8% to 14 %) per annum to arrive at their present value.			
In the above leases, purchase option is available to the company.			
Taxes, repairs, replacements and insurance costs are to be borne by the company.			
8 DEFERRED LIABILITIES			
Deferred tax - net	8.01	19,851,476	17,295,918
Employees retirement benefits	8.04	23,583,861	17,381,931
		43,435,337	34,677,849

8.01 DEFERRED TAX - NET	Taxable temporary differences / (deductible temporary differences) arising in respect of:				
Accelerated depreciation		18,815,229		15,494,938	
Employees retirement benefits		(2,760,388)		(2,001,742)	
Finance lease and others		3,796,635		3,802,722	
		19,851,476		17,295,918	
8.02 The movement In temporary differences are as follows :	RUPEES				
	Balance as at July 01,2016	Recognized in profit & loss	Balance as at June 30,2017	Recognized in profit & loss	Balance as at June 30,2018
Deferred tax Debits:					
Employees retirement benefits	(1,570,312)	(431,429)	(2,001,742)	(758,646)	(2,760,388)
	(1,570,312)	(431,429)	(2,001,742)	(758,646)	(2,760,388)
Deferred tax Credits:					
Accelerated depreciation	11,232,788	4,262,150	15,494,938	3,320,291	18,815,229
Finance lease and Others	4,850,734	(1,048,012)	3,802,722	(6,087)	3,796,635
	14,513,210	2,782,709	17,295,918	2,555,558	19,851,476
8.03 Deferred tax asset on minimum tax and carry forward of tax losses for the year amounting to Rupees 11.2 million has not been recognized due to uncertainty of adjustments with the available of high future taxable profits to such extent.					
8.04 EMPLOYEES RETIREMENT BENEFITS	Balance sheet liability :				
Present value of defined benefit obligation	8.04	22,387,005		16,185,075	
Benefits payable as at end of the year		1,196,856		1,196,856	
		23,583,861		17,381,931	
8.04 Reconciliation of present value of defined benefit obligations (PVODBO) :					
PVODBO as at beginning of the year		16,185,075		9,660,101	
Benefits payable as at start of the year		1,196,856		1,516,856	
Amount recognized during the year	8.05	6,799,330		6,065,095	
		24,181,261		17,242,052	
Benefits paid during the year		(61,000)		(320,000)	
Benefits payable as at end of the year		(1,196,856)		(1,196,856)	
Actuarial loss/(gain) arising during the year		(536,400)		459,879	
PVODBO as at end of the year		22,387,005		16,185,075	
8.05 Charge to profit and loss account for the defined benefit plan					
Service cost		5,547,350		5,364,738	
Interest cost		1,251,980		700,357	
		6,799,330		6,065,095	
8.06 Historical information for gratuity:	2018	2017	2016	2015	2014
Rupees in thousands					
Present value of defined benefit obligation	22,387	16,185	9,660	6,018	4,197
Experience adjustment arising plan liabilities	(536)	459	288	397	123
				2018	2017
Rupees					
5 TRADE AND OTHER PAYABLES					
Creditors				286,540,790	265,148,892
Accrued expenses				14,231,274	13,268,421
Advances from customers				23,201,742	23,739,950
Other payables				2,723,948	4,672,670
Workers' welfare fund				3,133,060	2,902,888
Workers' profit participation fund			9.01	1,759,508	3,148,285
				331,590,322	312,881,106



<b>9.01 WORKERS' PROFIT PARTICIPATION FUND</b>				
Opening Balance			<b>3,148,285</b>	4,792,495
Allocation for the year			<b>605,717</b>	2,388,030
			<b>3,754,002</b>	7,180,525
Interest on funds utilized	29		<b>393,536</b>	599,062
			<b>4,147,538</b>	7,779,587
Less: Paid during the year			<b>(2,388,030)</b>	(4,631,302)
			<b>1,759,508</b>	3,148,285
			<b>2018</b>	2017
	<b>Note</b>		<b>Rupees</b>	
<b>10 MARKUP ACCRUED ON LOANS AND OTHER PAYABLES</b>				
Accrued markup			<b>4,142,499</b>	1,248,141
<b>11 SHORT TERM BORROWINGS</b>				
From banking companies-secured				
			<b>Limit</b>	
			<b>Rupees in Million</b>	
<b>Standard Chartered Bank Limited</b>				
Running finance	60	11.01	<b>59,983,205</b>	53,443,168
Finance against trust receipts	60	11.02	<b>11,941,217</b>	25,850,224
Export refinance loan	125	11.03	<b>125,000,000</b>	105,000,000
<b>HBL</b>				
Running finance	30	11.05	<b>29,312,000</b>	-
Export refinance loan	70	11.06	<b>70,000,000</b>	-
<b>Bank of Punjab</b>				
Export refinance loan	70	11.08	<b>70,000,000</b>	-
FAPC Own Source	30	11.09	<b>30,000,000</b>	
Overdraft			<b>5,218,659</b>	-
<b>J.S Bank Limited</b>				
Export refinance loan		11.11	-	43,462,160
Overdraft			<b>245,881</b>	-
<b>Bank Alfalah Limited</b>				
Over Draft			<b>4,316,919</b>	-
Cash Finance	30	11.12	-	29,877,049
Export refinance loan	70	11.13	-	45,000,000
<b>Faysal Bank - overdraft</b>				
			-	13,124,525
			<b>406,017,881</b>	315,757,126
<b>11.01</b> It carried mark up at the rate of 3 months KIBOR + 2.75 percent per annum (2017: 3 Months KIBOR + 2.75 percent).				
<b>11.02</b> This facility has been obtained to retire import documents. It carried mark up at the rate of 3 months KIBOR + 2.50 percent per annum (2017: 3 Months KIBOR + 2.50 percent). It was secured against first charge on all current assets of the company. The tenor of this facility is 60 days for each bill.				
<b>11.03</b> This facility had been obtained to meet the working capital requirements. It carried mark up at the rate of SBP + 1.00 percent (2017 SBP + 1.00 percent). The tenor of this facility was 180 days.				
<b>11.04</b> All the finances obtained from Standard Chartered Bank (Pakistan) Limited are collaterally secured against:				
-	PP over all present and future current assets of the Company to the extent of Rs.350.6 Million.			
-	Personal guarantees worth Rs. 372.5 Million from Directors of the Company named as follows: Maqsood Ahmed Butt, Ali Maqsood Butt & Naseem Maqsood.			
-	PP over all present and future fixed assets of the Company to the extent of Rs.260 Million.			
-	48 Kanal and 1 Marla Property Owned by the Director of the Company Mr. Maqsood Ahmed Butt. Total Value of the Land is Rs. 135,740,000/-			
-	Ranking Charge of Rs. 40 Million on fixed assets and Ranking Charge of Rs. 49.4 Million on Current Assets of the Company.			
-	The expiry date of the facilities from Standard Chartered Bank Limited is 28-02-2019.			

<b>11.05</b>	This Facility is obtained for meeting working capital requirements. The tenor of the Facility is one year and going to expire on April 30, 2019. It carries mark-up at the rate of 3 month KIBOR + 2.75% per anum.
<b>11.06</b>	It carried mark up at the rate of SBP+1% per anum. This facility is being disbursed against export orders for a maximum period of 180 days.
<b>11.07</b>	Both the facilities from HBL are secured against 1st pari passu charge over all present and future current assets of PKR 133.333 Million registered with SECP.
<b>11.08</b>	This Facility is obtained for meeting working capital requirements of the company / financing of export orders backed by LC (Sight / Usance) & Contract (CAD / DA) Basis. It Carries markup at the rate of SBP+1% and overdue markup at the rate of 3 months KIBOR + 5% per anum. the tenor of the facility is 180 days. In addition to the collateral securities given in note 11.10, this facility is secured against lien on export documents drawn under L/C (Sight/Usance / Contract / Collection (CAD/DA/DP), lien on export proceeds and lien on EE statement.
<b>11.09</b>	This Facility is obtained for meeting working capital requirements of the company under LCs/Contracts/Collection (CAD/DP/DA). It Carries markup at the rate of 3 months KIBOR + 2.50% and overdue markup at the rate of 3 months KIBOR + 5% per anum. The tenor of the facility is 180 days. In addition to the collateral securities given in note 11.10, this facility is secured against lien on export documents drawn under LC (Sight/Usance) contract / collection (CAD/DA/DP). It is sub limit of the facility mentioned in note # 11.08.
<b>11.10</b>	Collateral Securities for facilities from Bank of Punjab are as follows: <ul style="list-style-type: none"><li>- 1st PariPassu charge of Rs.134 Million over present and future current assets of the company with 25% margin</li><li>- 1st PariPassu charge of Rs.100 Million over present and future fixed assets of the company.</li><li>- Personal Guarantees of Mr. Maqsood Butt, Mr. Ali Maqsood Butt and Mr. Faisal Khan (Directors of the Company).</li><li>- The expiry date of the facilities from Bank of Punjab is 30-06-2019.</li></ul>
<b>11.11</b>	It carried mark up at the rate of 3 Months Kibor + 2.75 percent . It was secured against first Pari Passu Mortgage Charge on all Fixed Assets of the company amounting to Rs. 353 million. The expiry date of the facility is October 31, 2017.
<b>11.12</b>	It carried markup at the rate of 3 Months KIBOR + 2.5 percent. It was secured against first charge on Fixed assets of the company. The expiry date of the facility is 30-09-2017.
<b>11.13</b>	It carries markup @ SBP rate + 1% p.a. The expiry date of the facility is 30-09-2017.
<b>11.14</b>	All the facilities from Bank Alfalah Limited were secured against: <ul style="list-style-type: none"><li>1st pari passu charge of Rs. 100 M over fixed assets of the Company amounting to Rs. 411 M.</li><li>1st pari passu charge of Rs. 133 M over current assets of the Company registered with SECP.</li><li>Personal guarantees of Sponsors Directors.</li></ul>

<b>12 CURRENT PORTION OF LONG TERM BORROWINGS</b>				
Liabilities against assets subject to finance lease	7	<b>26,607,424</b>	17,252,641	
		<b>26,607,424</b>	17,252,641	
<b>13 PROVISION FOR TAXATION</b>				
Opening balance		<b>17,057,713</b>	15,100,705	
Add: Current and prior year tax		<b>2,152,599</b>	10,220,246	
Less: Adjustments during the year		<b>(8,106,236)</b>	(8,263,238)	
		<b>11,104,076</b>	17,057,713	

Income tax return up to and including tax year 2017 has been filed to the tax authorities under the provision of Income Tax Ordinance, 2001.

<b>14 CONTINGENCIES AND COMMITMENTS</b>	
<b>Contingencies</b>	
<b>14.1</b>	On behalf of the Company Standard Chartered Bank (Pakistan) Limited has issued guarantee amounted to Rs. 20,812,318 (2017: Rs. 20,812,318) in favour of SNGPL.
<b>14.2</b>	The company has challenged the recovery of Gas Infrastructure Development Cess-GIDC and filed petition in Lahore High Court challenging the vires and legality of the levy and demand of GIDC including the retrospective effect. The Court granted stay against charging of GIDC. Since, the issue is being faced by the industry at large, therefore management is of the view that there is no need to maintain any provision against the liability. The management is confident that decision of the case will be in its favor. Further, it is difficult to determine the best monetary estimate as the date of applicability of the said Act is in litigation.
<b>Commitments</b>	
There is no significant commitment on the balance sheet date.	

15 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST			Rate %	DEPRECIATION				Written down value as at June 30, 2017
	As at July 01, 2016	Addition / Transfer	(Deletion)		As at July 01, 2016	Adjustment	For the year	As at June 30, 2017	
<b>OWNED ASSETS</b>									
Freehold land	7,544,681	-	-	-	-	-	-	-	7,544,681
Building on freehold land	39,492,490	52,744,845	-	5	21,515,655	-	1,556,346	23,072,001	69,165,334
Plant & Machinery	266,431,598	12,748,811	-	10	134,204,582	-	13,453,662	147,658,244	131,522,165
Furniture and Fixture	952,124	171,500	-	10	737,784	-	23,840	761,624	362,000
Motor Vehicles	21,062,759	9,324,460	-	20	12,714,202	-	1,951,693	14,665,895	15,721,324
Office Equipment	1,281,840	1,156,121	-	10	816,831	-	69,109	885,940	1,552,021
Loose Tools	118,117	-	-	10	98,032	-	2,009	100,041	18,076
Laboratory Equipment	366,921	-	-	10	288,813	-	7,811	296,624	70,297
Electric Installation	3,209,997	441,000	-	10	917,395	-	259,103	1,176,498	2,474,499
Fire Fighting Equipment	556,587	-	-	10	383,260	-	17,333	400,593	1,55,994
Telephone Installation	113,775	-	-	10	100,655	-	1,311	101,966	11,809
Gas Installation	1,310,000	-	-	10	857,067	-	45,293	902,360	407,640
Subtotal	342,440,889	76,586,737	-		172,634,276	-	17,387,510	190,021,786	229,005,840
<b>LEASED ASSETS</b>									
Motor Vehicles	33,140,898	80,000	-	20	11,732,800	-	4,282,891	16,015,691	17,205,207
Plant & Machinery	30,553,966	17,398,228	-	10	5,524,168	-	4,245,669	9,769,837	38,182,357
Subtotal	63,694,864	17,478,228	-		17,256,968	-	8,528,560	25,785,528	55,387,564
TOTAL 2017	406,135,753	94,064,965	-		189,891,244	-	25,916,070	215,807,314	284,393,404

PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST			Rate %	DEPRECIATION				Written down value as at June 30, 2018
	As at July 01, 2017	Addition / Transfer	(Deletion)		As at July 01, 2017	Adjustment	For the year	As at June 30, 2018	
<b>OWNED ASSETS</b>									
Freehold land	7,544,681	-	-	-	-	-	-	-	7,544,681
Building on freehold land	92,237,335	69,539,498	-	5	23,072,001	-	4,757,144	27,829,145	133,947,688
Plant & Machinery	279,180,409	13,804,094	-	10	147,658,244	-	13,391,244	161,049,488	131,935,015
Furniture and Fixture	1,123,624	218,850	-	10	761,624	-	54,080	815,704	526,770
Motor Vehicles	30,387,219	-	-	20	14,665,895	-	3,144,265	17,810,160	12,577,059
Office Equipment	2,437,961	684,750	-	10	885,940	-	190,998	1,076,938	2,045,773
Loose Tools	118,117	27,640	-	10	100,041	-	3,308	103,349	42,408
Laboratory Equipment	366,921	-	-	10	296,624	-	7,030	303,654	63,267
Electric Installation	3,650,997	500,000	-	10	1,176,498	-	287,724	1,464,222	2,686,775
Fire Fighting Equipment	556,587	-	-	10	400,593	-	15,599	416,192	140,395
Telephone Installation	113,775	-	-	10	101,966	-	1,181	103,147	10,628
Gas Installation	1,310,000	-	-	10	902,360	-	40,764	943,124	366,876
Subtotal	419,027,626	84,774,832	-		190,021,786	-	21,893,337	211,915,123	291,887,335
<b>LEASED ASSETS</b>									
Motor Vehicles	33,220,898	6,587,690	-	20	16,015,691	-	3,927,362	19,943,053	19,865,535
Plant & Machinery	47,952,194	36,880,129	-	10	9,769,837	-	6,106,259	15,876,096	68,956,227
Subtotal	81,173,092	43,467,819	-		25,785,528	-	10,033,621	35,819,149	88,821,762
TOTAL 2018	500,200,718	128,242,651	-		215,807,314	-	31,926,958	247,734,272	380,709,097

15.01 Depreciation is allocated as under:

	2018	2017
Cost of Sales	24,664,333	19,612,377
Administrative Expenses	7,262,625	6,303,693
	31,926,958	25,916,070

15.02 Land - freehold and building on freehold land

Particulars	Area	Location
Freehold land	112 Kanals and 12 Marlas	2 KM. Off Raiwind Manag Road, Raiwind, Lahore.

Building on freehold land is located in above mentioned freehold land.



	NOTE	2018	2017		
		Rupees			
16 CAPITAL WORK IN PROCESS					
Building on freehold land:					
As at 01st July 2017		50,202,436	3,984,889		
Additions during the year		72,169,877	98,962,392		
Transferred to Property Plant & Equipment		(69,539,498)	(52,744,845)		
As at 30th June, 2018		52,832,815	50,202,436		
17 LONG TERM DEPOSITS					
Advance lease deposit-non ineterst bearing		5,450,650	3,097,571		
Sui northern gas pipeline ltd.-non ineterst bearing		1,351,071	1,351,071		
Other-non interest bearing		271,850	271,850		
		7,073,571	4,720,492		
18 STORES, SPARE PARTS AND LOOSE TOOLS					
		10,031,453	3,637,859		
18.01 No identifiable store and spare are held for specific capitalization.					
19 STOCK IN TRADE					
Finished goods		119,959,137	101,218,541		
Raw materials					
- Fabric and accessories		177,299,241	141,087,189		
- Chemicals		36,162,904	23,098,567		
- Packing material		7,529,166	7,324,553		
- Rice Husk & Coal		25,109,360	-		
		366,059,808	272,728,850		
No stock in trade has been pledged by any institution / party.					
20 TRADE DEBTS					
Considered good:					
Export - secured	20.01	23,282,683	12,129,163		
Local - un-secured		204,944,685	168,202,208		
		228,227,368	180,331,371		
20.01					
	Foreign Jurisdiction	Cash against document	Advance	Letter of credit	Export Sales for the year
		Rupees			Rupees
	Egypt	4,293,773	-	-	10,836,621
	UK	2,369,367	581,491	-	512,133,508
	Dubai	-	1,393,539	-	13,175,930
	Bangladesh	-	-	1,149,210	1,481,724
	Spain	-	-	196,123	17,267,835
	Germany	13,299,180	-	-	17,495,605
		19,962,320	1,975,030	1,345,333	572,391,223
21 LOANS AND ADVANCES					
Advances - considered good	21.01	75,816,955	78,999,423		
Advance income tax-net of adjustment		37,423,510	33,308,557		
		113,240,465	112,307,980		
21.01 ADVANCES - CONSIDERED GOOD					
Unsecured:					
To suppliers for goods and services		73,682,563	76,344,320		

To Employees - Interest free		1,505,000	971,000	
For local guarantee		629,392	1,684,103	
		75,816,955	78,999,423	
	NOTE	2018	2017	
		Rupees		
22	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
	Security deposits	110,420	110,420	
	Prepaid insurance	1,477,189	938,399	
		1,587,609	1,048,819	
23	TAX REFUNDS DUE FROM THE GOVERNMENT			
	Sales tax -Refundable	40,137,986	140,144,107	
24	CASH AND BANK BALANCES			
	Cash in hand	3,522,737	675,000	
	Cash at banks -in current accounts	14,451,958	6,890,160	
		17,974,695	7,565,160	
25	SALES-NET			
	Sales:			
	- Local	25,920,930	26,924,725	
	- Export	591,676,630	849,184,624	
	Processing and coating	503,431,121	488,913,181	
	Rebate on export	45,272,090	15,730,635	
	Sales tax	(3,934,527)	-	
		1,162,366,244	1,380,753,165	
26	COST OF SALES			
	Fabric and accessories consumed	26.01	290,765,861	462,980,391
	Chemicals consumed	26.02	331,681,232	338,173,473
	Packing material consumed	26.03	51,021,095	71,489,007
	Rice Husk and coal consumed	26.04	93,365,642	114,411,543
	Stores and spares consumed	26.05	4,170,317	1,072,294
	Salaries and other benefits	26.06	89,651,558	92,578,900
	Fuel and power		98,365,293	66,636,419
	Postage, telephone and telegram		5,024,757	9,655,841
	Rent, rates and taxes		775,000	5,784,500
	Laboratory expenses		4,160,053	6,684,947
	Insurance		5,783,074	4,570,779
	Import expenses		18,936,517	16,938,836
	Freight and octroi		15,133,138	12,034,536
	Repair and maintenance-machinery / building		24,399,902	20,967,149
	Processing Charges(CMT)		13,930,147	43,657,993
	Depreciation	15.01	24,664,333	19,612,377
			1,071,827,919	1,287,248,985
	Finished goods:			
	Opening stock		101,218,541	35,099,881
	Closing stock		(119,959,137)	(101,218,541)
			(18,740,596)	(66,118,660)
			1,053,087,323	1,221,130,325

<b>26.01 Fabric and accessories consumed</b>			
Opening stock		141,087,189	158,418,827
Add: Purchases		326,977,913	445,648,753
		468,065,102	604,067,580
Less: Closing stock		(177,299,241)	(141,087,189)
		290,765,861	462,980,391
<b>26.02 Chemicals consumed</b>			
Opening stock		23,098,567	39,501,002
Add: Purchases		344,745,569	321,771,038
		367,844,136	361,272,040
Less: Closing stock		(36,162,904)	(23,098,567)
		331,681,232	338,173,473
<b>26.03 Packing material consumed</b>			
Opening stock		7,324,553	5,150,938
Add: Purchases		51,225,708	73,662,622
		58,550,261	78,813,560
Less: Closing stock		(7,529,166)	(7,324,553)
		51,021,095	71,489,007
<b>26.04 Rice Husk and coal consumed</b>			
Opening stock		-	3,896,200
Add: Purchases		118,475,002	110,515,343
		118,475,002	114,411,543
Less: Closing stock		(25,109,360)	-
		93,365,642	114,411,543
<b>26.05 Stores and spares consumed</b>			
Opening stock		3,637,859	1,828,591
Add: Purchases		10,563,911	2,881,562
		14,201,770	4,710,153
Less: Closing stock		(10,031,453)	(3,637,859)
		4,170,317	1,072,294
<b>26.06 Salaries and other benefits include staff retirement benefits amounting to Rs.5,556,662 (2017: Rs. 5,042,882).</b>			
<b>27 SELLING AND DISTRIBUTION COST</b>			
Export expenses		21,145,811	52,618,817
	NOTE	2018	2017
Rupees			
<b>28 ADMINISTRATIVE EXPENSES</b>			
Director's remuneration		6,600,000	7,775,000
Salaries and other benefits	28.01	9,583,801	9,388,749
Postage and telegram		2,335,931	1,835,506
Printing and stationary		1,146,090	1,273,152
Vehicle running and maintenance		7,397,763	5,939,486
Insurance		953,716	1,176,887
Fee and subscription		2,444,875	3,570,953

Entertainment		547,295	478,423
Auditor's remuneration	28.02	620,000	620,000
Misc Expenses		2,713,793	716,784
Legal and professional		266,847	114,082
Depreciation	15.01	7,262,625	6,303,693
		41,872,736	39,192,715
<b>28.01 Salaries and other benefits include staff retirement benefits amounting to Rs.1,242,668 (2017: Rs. 1,022,213).</b>			
<b>28.02 AUDITOR'S REMUNERATION</b>			
Audit fee		500,000	500,000
Half yearly review		50,000	50,000
Other certification charges		50,000	50,000
Out of pocket expenses		20,000	20,000
		620,000	620,000
<b>29 FINANCE COST</b>			
Interest/ mark-up on:			
Short-term borrowings		22,240,277	10,448,513
Finance lease		4,615,405	3,480,790
Workers' Profit Participation Fund	9.01	393,536	599,062
Bank charges		6,896,826	5,522,348
		34,146,044	20,050,713
<b>30 OTHER EXPENSES</b>			
Workers' profit participation fund	9.01	605,717	2,388,030
Workers' welfare fund		230,172	907,451
		835,889	3,295,481
<b>31 TAXATION</b>			
Current tax - for the year		11,104,076	17,057,713
- prior years		(8,951,477)	(6,837,467)
Deferred tax		2,555,558	2,782,709
		4,708,157	13,002,955
<b>31.01 Income Tax return has been filed to income tax authorities up to and including tax year 2017 under the provisions of The Income Tax Ordinance, 2001.</b>			
<b>31.02 Reconciliation of tax charge for the year</b>			
Numerical reconciliation between the average effective tax rate and the applicable tax rate is not given due to application of minimum tax @ 1.25% on local sales and final tax @ 1% on export sales for the calculation of provision of tax for the year and application of tax credits.			
<b>31.03 Last three years comparison of tax provision and assessment</b>			
		Tax Provision	Tax Assessment
		Rupees	
2016-2017		17,057,713	8,106,236
2015-2016		16,835,795	9,998,328
2014-2015		10,324,510	8,097,469
The reason for difference between tax provisions and tax assessments is due to finalization/clarification of utilization of available tax credits and/or rebates and/or deductible allowances under the porvisions of the income tax ordianance 2001 upto the time of assessment orders.			

32 EARNINGS PER SHARE - BASIC AND DILUTED

Net profit for the year / Profit attributable to ordinary shareholders - Rupees	6,570,284	31,462,159
Weighted average number of ordinary shares outstanding during the year - Numbers	10,457,890	10,457,890
Earnings per share - basic - Rupees	0.63	3.01
There is no dilutive effect on the basic earnings per share of the company .		

NOTE

33 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per Balance Sheet - loans and receivables		
Long term deposits	7,073,571	4,720,492
Trade debts	228,227,368	180,331,371
Loans and advances	75,816,955	78,999,423
Trade deposits	110,420	110,420
Cash and bank balances	17,974,695	7,565,160
	<u>329,203,009</u>	<u>271,726,866</u>
Financial liabilities as per Balance Sheet - at amortized cost		
Liability against assets subject to finance lease	56,384,544	39,619,639
Trade and other payables	303,496,012	285,001,654
Accrued interest / mark-up	4,142,499	1,248,141
Short term finance	406,017,881	315,757,126
	<u>770,040,936</u>	<u>641,626,560</u>

33.01 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

34 FINANCIAL INSTRUMENTS

34.01 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports some items of chemicals such as HDP and also exports goods that are exposed to currency risk, primarily with respect to liabilities and foreign currency debts denominated in US Dollars. In current year under report, the company has imported some raw material denominated in Dollars. The company's exposure to foreign currency risk in US Dollars is as follows:

	2018	2017
	Rupees	
Foreign trade debts	23,282,683	12,129,163
Outstanding letter of credit	-	-
Net exposure	23,282,683	12,129,163

The following significant exchange rates have been applied at the reporting dates:

USD to PKR	121.56	104.60
Euro to PKR	142.45	118.23

The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash inflows are substantially independent of changes in market interest rates.

At the reporting date, the interest rate profile of the company's significant interest bearing financial instruments was as follows:

	2018	2017
	Rupees	
<b>Financial liabilities</b>		
Finance lease	56,384,544	39,619,639
Short term borrowings	406,017,881	315,757,126
	462,402,425	355,376,765
<b>Financial assets</b>	-	-
Total yield / mark up rate risk sensitivity gap	462,402,425	355,376,765

Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments:

A change of 1% in interest rates at the reporting date would have decreased / (increased) profit for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constants. This analysis is performed on the same basis as for 2017.

	Profit and Loss 1% rate	
	Increase	Decrease
<b>As at June 30, 2018</b>		
Cash flow sensitivity - variable rate financial liabilities	(4,624,024)	4,624,024
<b>As at June 30, 2017</b>		
Cash flow sensitivity - variable rate financial liabilities	(3,553,768)	3,553,768

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity securities price risk as its investment is not in any securities.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities, where applicable. Where considered necessary, advance payments are obtained from certain parties. The maximum exposure to credit risk is equal to the carrying amount of financial assets.

The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

	2018	2017
	Rupees	
Local debts	204,944,685	168,202,208
Foreign debts	23,282,683	12,129,163
	228,227,368	180,331,371

The majority of foreign debtors of the company are situated in Europe and Middle East.

The aging of loans and receivables at the reporting date was:

Past due upto 12 months	164,415,265	135,687,897
More than one year	63,812,103	44,643,474
	228,227,368	180,331,371

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2018	2017
	Rupees	
Trade debts	228,227,368	180,331,371
Loans and advances	75,816,955	78,999,423
Trade deposits	110,420	110,420
Cash and bank balances	17,974,695	7,565,160
	322,129,438	267,006,374

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Company’s bank balances can be assessed with reference to external credit ratings as follows:

Banks	Rating Agency	Rating	
		Long term	Short term
Bank Al-Habib Limited	PACRA	AA+	A1+
Bank of Punjab	PACRA	AA	A1+
Meezan Bank	JCR-VIS	AA+	A-1+
Habib Bank Limited	JCR-VIS	AAA	A-1+
JS Bank Limited	PACRA	AA-	A1+
Bank Al-Falah Limited	PACRA	AA+	A1+
Faysal Bank Limited	PACRA	AA	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

RUPEES - 2018						
Interest/ mark up bearing			Non interest bearing			Total
Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
Long-term security deposits	-	-	-	7,073,571	7,073,571	7,073,571
Trade debts	-	-	228,227,368	-	228,227,368	228,227,368
Loans and advances	-	-	75,816,955	-	75,816,955	75,816,955
Trade deposits	-	-	110,420	-	110,420	110,420
Other receivables	-	-	40,137,986	-	40,137,986	40,137,986
Cash and bank balances	-	-	17,974,695	-	17,974,695	17,974,695
	-	-	362,267,424	7,073,571	369,340,995	369,340,995

FINANCIAL LIABILITIES

Liability against assets						
subject to finance lease	26,607,424	29,777,120	56,384,544	-	-	56,384,544
Trade and other payables	-	-	-	331,590,322	-	331,590,322
Accrued mark up	-	-	-	4,142,499	-	4,142,499
Short-term finance	406,017,881	-	406,017,881	-	-	406,017,881
	432,625,305	29,777,120	462,402,425	335,732,821	-	798,135,246
Net liquidity	(432,625,305)	(29,777,120)	(462,402,425)	26,534,603	7,073,571	(428,794,251)

RUPEES - 2017						
Interest/ mark up bearing			Non interest bearing			Total
Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
Long-term security deposits	-	-	-	4,720,492	4,720,492	4,720,492
Trade debts	-	-	180,331,371	-	180,331,371	180,331,371
Loans and advances	-	-	78,999,423	-	78,999,423	78,999,423
Trade deposits	-	-	110,420	-	110,420	110,420
Other receivables	-	-	140,144,107	-	140,144,107	140,144,107
Cash and bank balances	-	-	7,565,160	-	7,565,160	7,565,160
	-	-	407,150,481	4,720,492	411,870,973	411,870,973

FINANCIAL LIABILITIES

Liability against assets						
subject to finance lease	17,252,641	22,366,998	39,619,639	-	-	39,619,639
Trade and other payables	-	-	-	312,881,106	-	312,881,106
Accrued mark up	-	-	-	1,248,141	-	1,248,141
Short-term finance	315,757,126	-	315,757,126	-	-	315,757,126
	333,009,767	22,366,998	355,376,765	314,129,247	-	669,506,012
Net liquidity	(333,009,767)	(22,366,998)	(355,376,765)	93,021,234	4,720,492	(257,635,039)



34.02 Capital risk management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed Capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

During the year, the Company’s strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2018 and 2017 were as follows:

	NOTE	2018	2017
		Rupees	
Long term financing		56,384,544	39,619,639
Short term finance		406,017,881	315,757,126
Total debt		462,402,425	355,376,765
Total Equity		362,909,990	333,927,233
Total Capital		825,312,415	689,303,998
Gearing Ratio		56.03%	51.56%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

35 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors	
	2018	2017	2018	2017
	RUPEES		RUPEES	
Remuneration	3,600,000	3,600,000	3,000,000	3,600,000
Allowances:				
House Rent Allowances	-	1,620,000	-	1,620,000
Utilities	-	180,000	-	180,000
Total Rupees	3,600,000	5,400,000	3,000,000	5,400,000

Number of Persons	1	1	1	2
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35.01 The Chief Executive and Directors are also provided with free use of the Company maintained cars and residential phones.

35.02 No meeting fee has been paid to any director of the Company.

35.03 No person qualified as executive of the company in accordance with the Companies Act, 2017.

36 AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company may in the normal course of business carry out transactions with related parties. Amounts due from related parties, due to related parties, transactions with related parties and relationship with related parties are shown under respective notes, if any. Remuneration of Chief Executive Officer, Directors and Executive is disclosed in note # 35 and loan from directors is disclosed in note # 6 of the Financial Statements and Statement of Cash Flows.

37 PLANT CAPACITY AND ACTUAL PRODUCTION

	Meters	
37.1 Processing capacity	2018	2017
Annual capacity	24,540,000	24,540,000
Actual production	15,351,805	15,065,947
	Pieces	
37.2 Garments capacity	2018	2017
Annual capacity	1,650,000	1,650,000
Actual production	936,659	1,498,890

37.3 The difference between annual capacity and actual production is mainly due to supply demand sitaution in domestic and international markets. Further, exact comparison of the plant capacity and actual production of these divisions are indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.

38 ACCOUNTING ESTIMATES AND JUDGMENTS

Income taxes:

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

Property, plant and equipment:

The company reviews the value of assets for possible impairment on an annual basis. Any changes in the estimates in future years might affect the carrying amounts of the respective items of property , plant and equipment with a corresponding affect on the depreciation charge and impairment.

Staff retirement benefit - gratuity:

Certain actuarial assumptions have been adopted as disclosed in the financial statements for valuation of present value of defined benefit obligation.

Stock in trade and stores and spares:

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

39 ENTITY-WIDE INFORMATION

The Company constitutes of a single reportable segment, the principal classes of products are Fusible Interlining, Dying / Bleaching / Stitching of Fabric and Others.

Information about geographical areas

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

Information about major customers

The Company does not have transactions with any external customer which amounts to 10 percent or more of its revenues.

40 NUMBER OF EMPLOYEES

	2018	2017
	No of employees	
Total Employees:		
Average during the year	290	292
As at June 30	300	329
Factory Employees:		
Average during the year	276	280
As at June 30	286	317

41 CORRESPONDING FIGURES

Corresponding figures have been rearranged / reclassified, wherever necessary, to facilitate comparison. The fourth schedule to the Companies Act 2017 has introduced certain presentation and classification requirements for the elements of the financial statements. Following major representations have been made during the year:

Represented from:	Represented to:	Rupees
Trade and other payables	Unclaimed dividend	1,911,671
(in note # 9 to the financial statements)	(on face of the balance sheet)	

42 GENERAL

Figure have been rounded off to the nearest Pakistani rupee.

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the board of directors in their meeting held on November 02, 2018.

FAISAL KHAN  
CHIEF EXECUTIVE

ALI MAQSOOD BUTT  
DIRECTOR

MRS. DURRAY ZARA BUTT  
CHIEF FINANCIAL OFFICER



**FORM 34**

**THE COMPANIES ACT, 2017  
(Section 227(2)(f))  
PATTERN OF SHAREHOLDING**

1.1 Name of the Company **ARUJ INDUSTRIES LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at **30-06-2018**

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
73	1	100	3,313
364	101	500	173,678
70	501	1,000	64,089
64	1,001	5,000	164,829
13	5,001	10,000	100,847
7	10,001	15,000	84,200
2	20,001	25,000	41,850
1	30,001	35,000	32,000
2	35,001	40,000	80,000
1	40,001	45,000	42,500
2	45,001	50,000	97,000
2	50,001	55,000	103,500
1	95,001	100,000	99,000
1	130,001	135,000	132,800
1	185,001	190,000	187,700
1	415,001	420,000	419,994
1	455,001	460,000	458,010
1	1,660,001	1,665,000	1,664,011
1	1,885,001	1,890,000	1,889,527
2	2,305,001	2,310,000	4,619,042
610			<b>10,457,890</b>

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	9,051,584	86.5527%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	187,700	1.7948%
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	38	0.0004%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Share holders holding 10% or more	8,172,580	78.1475%
2.3.8 General Public		
a. Local	1,201,153	11.4856%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
Joint Stock Companies	11,001	0.1052%
Pension Funds	6,197	0.0593%
Others	217	0.0021%

ARUJ INDUSTRIES LIMITED  
Catagories of Shareholding required under Code of Corporate Governance (CCG)  
As on June 30, 2018

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	ARUJ CONSTRUCTIONS (PRIVATE) LIMITED	187,700	1.7948%
Mutual Funds (Name Wise Detail)			
		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. MAQSOOD AHMAD BUTT	1,664,011	15.9115%
2	DR. MRS. NASEEM MAQSOOD	458,010	4.3796%
3	MR. ALI MAQSOOD BUTT	2,309,521	22.0840%
4	SH. GHULAM MUSTAFA	1,000	0.0096%
5	MRS. DURRAY ZARA BUTT	1,889,527	18.0680%
6	MISS ARUJ BUTT	2,309,521	22.0840%
7	MR. FAISAL KHAN	419,994	4.0160%
Executives:			
		-	-
Public Sector Companies & Corporations:			
		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		6,235	0.0596%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. MAQSOOD AHMAD BUTT	1,664,011	15.9115%
2	MR. ALI MAQSOOD BUTT	2,309,521	22.0840%
3	MRS. DURRAY ZARA BUTT	1,889,527	18.0680%
4	MISS ARUJ BUTT	2,309,521	22.0840%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	SALE	PURCHASE
1	MR. MAQSOOD AHMAD BUTT	4,581,619	-
2	MR. ALI MAQSOOD BUTT	-	384,271
3	MRS. DURRAY ZARA BUTT	-	1,888,677
4	MISS ARUJ BUTT	-	2,308,671

I/We \_\_\_\_\_son/daughter/wife

of \_\_\_\_\_of \_\_\_\_\_being member (s)

of **ARUJ INDUSTRIES LIMITED**, holder of \_\_\_\_\_

ordinary shares of the Company, under Folio No. / Participant's ID/CDC sub account No. \_\_\_\_\_

hereby appoint \_\_\_\_\_of \_\_\_\_\_failing him/her\_\_\_\_\_

of \_\_\_\_\_who is/are member(s) of **ARUJ INDUSTRIES LIMITED**,  
under Folio No. / Participant's ID/CDC sub-account No. \_\_\_\_\_ respectively, as my/our proxy

in my/our absence to attend and vote for me/us and on my/our behalf at the 26<sup>th</sup> Annual General Meeting of the Company to be held on November 27, 2018 and/or any adjournment thereof.

As witness my/our hand this \_\_\_\_\_day of November, 2018

Signed in the presence of.

Witness \_\_\_\_\_

Name \_\_\_\_\_

Occupation \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature of shareholder (s) on revenue stamp worth Rupees 5/-

The signature should agree with the specimen registered with the Company.

- IMPORTANT:
1. Proxies, in order to be affective, must be received at the Company's Registered Office not less than 48 hours before the time of holding the meeting and must be signed and witnessed.
  2. No person shall act as proxy unless he/she is a member of the Company.
  3. Shareholders are requested to notify change in their address, if any.

