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2018**



N. P. Spinning Mills Limited



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VISION

*To strive at producing high quality yarn, explore new era to achieve
the highest level of commercial success with social &
environmental responsibilities.*

MISSION

*To bring in the best, become more focused on the market, reduce cost of
organization, take prompt decisions and make N.P. Spinning Mills Ltd.
an Organization with a promising future.*



COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman	:	Mr. Inamur Rehman
Directors	:	Mrs. Summayya Rehman Mrs. Asma Khalid Mr. Muhammad Samee Mr. Noor Muhammad Mr. Furqan Zia
Chief Executive	:	Mr. Khalid Inam

AUDIT COMMITTEE

Chairman	:	Mr. Noor Muhammad
Members	:	Mr. Muhammad Samee Mr. Furqan Zia

HUMAN RESOURCE & REMUNERATION COMMITTEE

Chairman	Mr. Muhammad Samee
Members	Mr. Noor Muhammad Mr. Furqan Zia

COMPANY SECRETARY

Mr. Muhammad Siddique

CHIEF FINANCIAL OFFICER

Mr. Muhammad Yasin

AUDITORS

Messrs Deloitte Yousuf Adil,
Chartered Accountants

BANKERS

Habib Bank Limited
MCB Bank Limited
Habib Metropolitan Bank Limited
Soneri Bank Limited

SHARE REGISTRAR

M/s. F.D. Registrar Services (SMC-Pvt) Ltd.,
17th Floor, Saima Trade Tower - A,
I. I. Chundrigar Road, Karachi.
Phone # 92 21 - 354781932

REGISTERED OFFICE

703-Uni Tower I. I. Chundrigar Road, Karachi.
Phone # 021-32427202-205
website: www.npsm.com.pk

FACTORY

1.5 K.M., Lalyani Road,
Jalalpura, Raiwind, District Lahore.



NOTICE OF MEETING

Notice is hereby given that the 28th Annual General Meeting of the Shareholder of N.P. Spinning Mills Limited will be held Insha Allah on Tuesday, October 23, 2018 at 9:00 a.m at 7th Floor, Uni-Tower, 11 Chundrigar Road, Karachi, to transact the following business:-

Ordinary Business

1. To confirm the minutes of last Annual General Meeting held on October, 31 2017.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2018 together with Directors and Auditors reports thereon..
3. To appoint auditors for the year ending June 30, 2019 and fix their remuneration. The retiring auditors M/s. Deloitte Yousuf Adil, Chartered Accountants, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

4. To discuss the progress and to revalidate the Resolution passed in the last Annual General Meeting dated 31-10-2017, in pursuance of Section 183 of the Companies Act, 2017 regarding settlement of account of Company with the bank and private creditors in amicable manner either by getting further financing for revival of the Unit or to pay-off the dues through disposal of the current and fixed movable and immovable assets of the Company or any part thereof, as required for the said settlement.

ORDINARY BUSINESS

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

By Order of the Board
(Muhammad Siddique)
Company Secretary

Karachi: October 01, 2018

NOTES:

1. The Share Transfer Books of the Company will remain closed from 17-10-2018 to 23-10-2018 (both days inclusive)
2. A member entitled to attend and vote at this meeting is entitled to appoint another member as a proxy to attend and vote on his/her behalf. Proxies must be deposited at the registered office of the Company not less than 48 hours before the time of meeting.
3. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant ID to facilitate identification and in case of proxy, must enclose an attested copy of CNIC. Representative of Corporate Members should bring the usual documents, required for such purpose.
4. Shareholders who have not yet submitted copy of their valid CNIC are once again requested to send the same to our Share Registrar.
5. Members desirous of getting financial statements through email are requested to send their consent with email address at Company's registered office.
6. Change of address, if any, may please be notified immediately.



DIRECTORS' REPORT

The Directors are pleased to present before you the 28th Annual Report together with the audited accounts of the Company for the year ended June 30, 2018.

FINANCIAL RESULTS

The financial results of the Company for the year under review are discouraging. Production for the year under review was Nil as also for the last year. Sales for the year amounted to Rs. 12.727 million compared to Rs. 72.117 million. The Company sustained a net loss of Rs. 85.310 million compared to Rs. 151.84 million after providing for operational, administrative and financial charges.

As you are aware, the Board of Directors of the Company in its meeting held on 07-06-2016 has suspended manufacturing operations of the Company as a temporary measure due to (i) unfavorable market conditions (ii) high price of utilities (iii) shortage of cotton and high cost factor involved in import (iv) shortage of working capital and monetary crunch due to unfavorable selling prices (v) low selling prices compared to high operating expenses which accumulated losses. These factors negatively affected the equity.

FUTURE OUTLOOK

Our country is going to harvest short cotton crop for the fourth consecutive year. The reasons being uncertainty of cotton prices, increased sugarcane cultivation in cotton areas, shortage of water, pest attack, heatwave and quality seeds.

The estimate of cotton crop for the season 2017-18 initially fixed at 14.04 million bales has been revised and is expected around 12.500 to 13.000 million bales, pushing the local cotton prices to over Rs. 8,000/= per maund. This has severely hit the cost of doing business.

The step of temporary suspension of the operations is to find out a better solution to revive the project, which is otherwise very much viable if the aforementioned shortcomings could be overcome. Majority of the work force has been relieved to minimize the losses. Due to suspension of operations the Company has been unable to pay off its debts including its loan from Soneri Bank which has filed a suit bearing No. B-23 of 2017 for recovery of Rs. 466,163,869/= in the Honorable High Court of Sindh at Karachi.

EARNINGS PER SHARE

The earnings per share for the year under review is Rs. (5.92)

DIVIDEND

Due to losses and the reasons deposed above, the Company has not declared any dividend for the year.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- a) In order to save the Company from further losses, the Board of Directors (the Board) of the Company in its meeting held on June 7, 2016 decided to temporarily suspend the operations of the factory. The management considered that the Company is not a going concern, the Company may not be able to realize its assets or discharge its liabilities in normal course of business. As such, the Company has obtained consent of the shareholders in its last AGM held on 31-10-2017 for disposal of its assets. Considering that more time may be needed for doing the needful as resolved in the last AGM, the Board has passed a resolution to seek again the approval from the shareholders in the upcoming AGM of the Company, as required under the Companies Act, 2017.



In view of the above, management believes that the Company is not a going concern. The Company has prepared these financial statements on a basis other than going concern. Accordingly, the Company believes that except for the difference between the carrying value and realizable value of property, plant and equipment, stores, spares and loose tools, stock-in-trade and advances and other receivables and its possible impact:

- The financial statements, present fairly the state of affairs of the Company, the results of its operations, cash flows and changes in equity.
 - Proper books of account have been maintained.
 - Accounting policies as stated in the attached notes have been consistently applied and accounting estimates are based on reasonable and prudent judgment.
 - International Financial Reporting Standards (IFRS) as applicable in Pakistan have been followed and non-applicability, if any, has been adequately disclosed.
- b) The auditors have provided a disclaimer of opinion on the Company's financial statements based on the reason that the carrying value of property, plant and equipment, stores, spares and loose tools, stock-in-trade, and advances and other receivables do not signify its realizable value and because they were unable to determine whether any adjustments would have been found to be made in respect of values of these assets. The Company has yet to receive any offer for sale of its property, plant and equipment which would enable it to determine the best estimate of realizable value of such assets.
- c) The internal control system of the Company is sound in design and has been effectively implemented. Weakness in controls, if any, will be addressed effectively.
- d) Key operating and financial data of last six years is annexed.
- e) Outstanding taxes and levies have been adequately disclosed.
- f) The total number of Directors is:
- Male: 5
 - Female: 2

The board has the following composition:

- Independent Directors: 2
- Other Nonexecutive Directors: 4
- Executive Directors: 1

- g) The Board has formed committees comprising of members given below:

a.	Audit Committee	
i.	Mr Noor Muhammad	Chairman
ii.	Mr. Muhammd Samee	Member
iii.	Mr. Furqan Zia	Member
b.	HR and Remuneration Committee	
i.	Mr Muhammad Samee	Chairman
ii.	Mr. Noor Muhammd	Member
iii.	Mr. Furqan Zia	Member

- h) During the year ended June 30, 2018, five Board as well as five Audit Committee Meetings were held which were attended as follows:-



NAME OF DIRECTORS	BOARD MEETINGS	AUDIT COMMITTEE	HR&R COMMITTEE
Mr. Inamur Rehman	5	-	-
Mrs. Summayya Rehman	5	-	-
Mr. Khalid Inam	5	-	-
Mrs. Asma Khalid	5	-	-
Mr. Fakhar Mohiuddin Faruqi	-	1	-
Mr. Noor Muhammad	5	5	-
Mr. Ziauddin Zubairi	3	3	-
Mr. Muhammad Samee *	5	4	-
Mr. Furqan Zia **	1	1	-

*Appointed on 17-08-2017 in place of Mr. Fakhar Mohiuddin Faruqi who resigned on 19-07-2017.

**Appointed on 02-04-2018 in place of Mr. Ziauddin Zubairi who expired on 09-01-2018.

- The pattern of shareholdings as at June 30, 2018 is annexed to this report.
- Disclosure of shares trading by the Directors, CEO, CFO and Company Secretary;
The directors, CEO, CFO, Company Secretary and their spouses or minor children did not carry out any trade in the shares of the Company during the year.
- The Company does not have a formal policy for remuneration of Directors and no remuneration was paid to the Directors during the year.

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relates and the date of the audit report.

AUDITORS

The present auditors M/s. Deloitte Yousuf Adil, Chartered Accountants, retire and being eligible offer themselves for reappointment for the financial year ending June 30, 2019.

ACKNOWLEDGEMENT

The Directors wish to acknowledge and appreciate the support of Shareholders, Bankers, Creditors and the dedication and hard work of the employees of the Company.

(KHALID INAM)
Chief Executive

On Behalf of the Board
(INAMUR REHMAN)
Chairman / Director

Karachi: October 01, 2018



**Key Operating and Financial Results
From 2013 to 2018**

	(Rupees in Million)					
	2018	2017	2016	2015	2014	2013
OPERATING DATA						
Sales	12.728	72.117	945.035	1,375.076	2,452.311	2,172.314
Cost of Goods Sold	56.504	171.685	1,196.701	1,430.200	2,295.611	2,029.305
Gross Profit / (Loss)	(43.776)	(99.567)	(251.666)	(55.124)	156.620	143.009
Profit/(Loss) Before Taxation	(85.151)	(149.900)	(540.905)	(169.000)	11.030	39.540
Profit/(Loss) After Taxation	(87.054)	(151.841)	(443.639)	(132.439)	11.171	18.181
FINANCIAL DATA						
Paid-up capital	147.000	147.000	147.000	147.000	147.000	147.000
Fixed Assets	875.546	914.724	960.585	1,003.958	538.024	366.475
Current Assets	109.382	127.438	234.178	787.743	1,197.291	853.198
Current Liabilities	825.118	797.041	577.664	797.885	1,063.519	598.497
KEY RATION						
Gross Margin (%)	(343.934)	(138.063)	(26.63)	(4.00)	6.39	6.58
Profit/(Loss) after Tax (%)	(683.957)	(210.548)	(46.94)	(9.63)	0.45	0.84
Current Ratio	0.13	0.16	0.41	0.99	1.13	1.43
Earnings Per Share (Rupees)	(5.92)	(10.33)	(30.18)	(9.01)	0.76	1.24
Cash Dividend (%)	-	-	-	-	-	-



Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 (The Regulations) for the year ended June 30, 2018

N.P. Spinning Mills Limited (the Company) has complied with the requirements of the Regulations in the following manner:

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

- a. Male: 5
- b. Female: 2

2. The composition of the Board of Directors (the Board) as at June 30, 2018 is as follows:

Category	Names
Independent Directors	Mr. Noor Muhammad Mr. Furqan Zia
Executive Director	Mr. Khalid Inam
Other Non-Executive Director	Mr. Inam-ur-Rehman Mrs. Summayya Rehman Mrs. Asma Khalid Mr. Muhammad Samee

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement and overall corporate strategy. The Company is in the process of developing and documenting significant policies that will be approved by the Board.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations. The Board is in the process of establishing a level of materiality and a mechanism for its performance evaluation. Accordingly, no annual performance evaluation has been carried out during the year.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board does not have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. During the year, the Board has not arranged any Directors' Training Program for its directors. Two directors namely Mrs. Asma Khalid and Mr. Noor Muhammad have taken Directors' Training Program until June 30, 2018. The remaining directors will obtain required certification within the prescribed time.
10. The Board has approved appointment of Chief Financial Officer (CFO) and Company Secretary, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. As mentioned in paragraph 15 below, the position of Head of Internal Audit (HoIA) remained vacant during the year.
11. 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
- | | | |
|------|--------------------|----------|
| i. | Mr. Noor Muhammad | Chairman |
| ii. | Mr. Muhammad Samee | Member |
| iii. | Mr. Furqan Zia | Member |
- b. HR and Remuneration Committee
- | | | |
|------|--------------------|----------|
| i. | Mr. Muhammad Samee | Chairman |
| ii. | Mr. Noor Muhammad | Member |
| iii. | Mr. Furqan Zia | Member |

The Chairman of HR and Remuneration Committee is not an independent director.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committees were as per following:

Committee	Frequency of Meetings
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	No meeting was held during the year

15. The position of HoIA is vacant since June 29, 2016.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (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 ICAP.

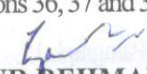
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with except for the matters mentioned in paragraphs 5, 6, 8, 12, 14 and 15 above and the matters noted below:

- The independent directors have not submitted a declaration regarding their fulfilment of independence criteria as per the Regulations (non-compliance of regulation 6);
- None of the member of the audit committee qualifies as 'financially literate' as defined in the Regulations (non-compliance of regulation 28 (1));
- The Board has not undertaken an overall review of the business risks. Further, the Chairman of the Board, at the beginning of term of the new director, has not issued letter setting out his roles, obligations, powers and responsibilities in accordance with the Act and the Company's Articles of Association, their remuneration and entitlement (non-compliances of regulation 10); and
- The Company has not included in their directors' report for the period ended March 31, 2018 the total number of male and female directors, compositions of the directors into independent director, executive directors and other non-executive directors, names of members of Board committees and remuneration policy of non-executive directors including independent directors, as approved by the Board. (non-compliances of regulations 36, 37 and 38).

Karachi: October 01, 2018


(KHALID INAM)
Chief Executive


(INAMUR REHMAN)
Chairman / Director



Independent Auditor's Review Report To The Members Of N.P. Spinning Mills Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors (the Board) of N.P. SPINNING MILLS 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 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's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board 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.

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

Paragraph reference	Description
Para graph 5	The Company has not developed and documented significant policies.
Paragraph 6	A mechanism for an annual evaluation of the Board's own performance has not been established. Accordingly, no annual performance evaluation has been carried out during the year. Further, the Board has not determined the level of materiality.
Paragraph 8	The Board does not have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations.
Paragraph 12	The Chairman of HR and Remuneration Committee is not an independent director.
Paragraph 14	No meeting of HR and Remuneration Committee was held during the year.
Paragraph 15	An effective internal audit function was not in place as the position of Head of Internal Audit remained vacant during the entire year.



- Paragraph 18 (i) The independent directors have not submitted a declaration regarding their fulfilment of independence criteria as per the Regulations.
- Paragraph 18 (ii) None of the member of the audit committee qualifies as 'financially literate' as defined in the Regulations.
- Paragraph 18 (iii) The Board has not undertaken an overall review of the business risks. Further, the Chairman of the Board, at the beginning of term of the new director, has not issued letter setting out his roles, obligations, powers and responsibilities in accordance with the Act and the Company's Articles of Association, their remuneration and entitlement.
- Paragraph 18 (iv) The Company has not included in their director's report for the period ended March 31, 2018 the total number of male and female directors, compositions of the directors into independent director, executive directors and other non-executive directors, names of members of Board committees and remuneration policy of non-executive directors including independent directors, as approved by the Board.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF N.P. SPINNING MILLS LIMITED**

Report on the Audit of the Financial Statements**Disclaimer of Opinion**

We were engaged to audit the annexed financial statements of N.P. Spinning Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and 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.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

As disclosed in note 1.2 to the financial statements, during the year, the Company incurred net loss of Rs. 87.05 million (2017: Rs. 151.84 million), which has resulted in accumulated loss of Rs. 523.93 million (June 30, 2017: Rs. 449.25 million) as at June 30, 2018. In order to minimize further losses of the Company, the Board of Directors (the Board) of the Company in its meeting held on June 7, 2016 had decided to temporarily suspend the operations of the factory and had consequently laid off majority of its workforce. The Board considered various aspects for this decision including unfavourable market conditions in the textile spinning sector, high price of utilities, lack of availability of local cotton, shortage of working capital, and severe competition from foreign manufacturers. Further, as disclosed in notes 8 and 11 to the financial statements, the lending bank of the Company has also filed a suit against the Company for recovery of outstanding loans and markup thereon. Furthermore, the shareholders in their Annual General Meeting (AGM) held on October 31, 2016 had passed a resolution to authorize the Board to sell property, plant and equipment and other assets of the Company. Since the above resolution has elapsed as per section 183 of the Companies Act, 2017, the shareholders in the AGM held on October 31, 2017 once again passed the resolution to authorize the Board to settle the account of the Company with the lending bank and private creditors in amicable manner either by getting further financing for revival of the unit or to pay-off the dues through disposal of the current and fixed assets of the Company or any part thereof. Considering that one year time will soon elapse after passing of the resolution in the last AGM held on October 31, 2017, the Board has passed a resolution to seek the approval again from the shareholders in the upcoming AGM of the Company, as prescribed under the Companies Act, 2017.

In view of the above, management believes that the Company is not a going concern. Accordingly, the Company may not be able to realize its assets or discharge its liabilities in the normal course of business and hence, management has prepared the enclosed draft financial statements on a basis other than going concern as disclosed in note 2.2.

As stated in note 2.2, management has reported all assets at their realizable values and all liabilities at amounts payable based on best estimate. However, due to the (1) lapse of considerable amount of time since cessation of operations, (2) unavailability of any offer price for assets such as property, plant and equipment and stores, spares and loose tools from any serious buyer, and (3) uncertainty over realizability of carrying amount of stock-in-trade, advances and other receivables, we were unable to satisfy ourselves in respect of realizable value of aforementioned assets and were unable to determine whether any adjustments would have been found to be made in this respect.



Responsibilities of Management and the Board of Directors (the Board) for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

The Board is 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on these financial statements.

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 / Institute of Cost and management Accountants (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

Report on Other Legal and Regulatory Requirements

Because of significance of the matters described in Basis of Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. Accordingly we are unable to form an opinion whether:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Karachi: October 01, 2018

Deloitte Yousuf Adil
Chartered Accountants
Engagement Partner
Nadeem Yousuf Adil



STATEMENT OF FINANCIAL POSITION

	Note	2018 Rupees	Restated 2017 Rupees	Restated 2016 Rupees
SHARE CAPITAL AND RESERVES				
Share capital	4	147,000,000	147,000,000	147,000,000
Capital reserve				
Surplus on revaluation of property, plant and equipment - net of tax	5	384,884,862	395,519,532	410,798,946
Revenue reserve				
Accumulated loss		(523,929,649)	(449,253,947)	(311,995,610)
		7,955,213	93,265,585	245,803,336
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred taxation	6	-	-	-
Loan from directors	7	153,500,000	153,500,000	153,500,000
Long-term finance	8	-	-	225,063,000
CURRENT LIABILITIES				
Trade and other payables	9	283,483,891	292,031,123	308,633,438
Accrued mark-up	10	95,308,493	58,536,023	21,856,108
Short-term borrowings	11	166,116,375	166,263,375	186,404,971
Current portion of long-term finance	8	277,000,000	277,000,000	51,937,000
Unclaimed dividend		3,209,136	3,210,950	3,210,950
		825,117,895	797,041,471	572,042,467
CONTINGENCIES AND COMMITMENTS				
	12			
		986,573,108	1,043,807,056	1,196,408,803

The annexed notes 1 to 39 form an integral part of these financial statements.



AS AT JUNE 30, 2018

	Note	2018 Rupees	Restated 2017 Rupees	Restated 2016 Rupees
NON-CURRENT ASSETS				
Property, plant and equipment	13	875,546,358	914,723,979	960,585,894
Long-term deposits		1,645,222	1,645,222	1,645,222
CURRENT ASSETS				
Stores, spares and loose tools	14	13,141,824	13,141,824	13,534,411
Stock-in-trade	15	41,697,131	54,142,339	167,892,236
Trade debts	16	-	1,533,510	2,156,953
Advances and other receivables	17	22,895,654	26,024,034	29,034,671
Sales tax refundable	18	-	9,356,425	9,348,920
Cash and bank balances	19	31,646,919	23,239,723	12,210,496
		109,381,528	127,437,855	234,177,687
		986,573,108	1,043,807,056	1,196,408,803

(KHALID INAM)
Chief Executive

(MUHAMMAD YASIN)
Chief Financial Officer

(INAMUR REHMAN)
Chairman / Director



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For The Year Ended June 30, 2018

	Note	2018 Rupees	Restated 2017 Rupees
Sales - net	20	12,727,514	72,117,455
Cost of sales	21	(56,504,101)	(171,684,837)
Gross loss		(43,776,587)	(99,567,382)
Other income	22	9,434,512	4,229,897
		(34,342,075)	(95,337,485)
Distribution cost	23	-	(75,805)
Administrative expenses	24	(11,009,243)	(17,723,683)
Other operating expenses	25	(3,015,953)	-
Finance cost	26	(36,784,007)	(36,763,131)
		(50,809,203)	(54,562,619)
Loss before tax		(85,151,278)	(149,900,104)
Taxation	27	(1,902,300)	(1,940,407)
Loss for the year		(87,053,578)	(151,840,511)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss			
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate (note 5)		1,743,206	(697,240)
Total comprehensive loss for the year		(85,310,372)	(152,537,751)
Earnings per share - basic and diluted	28	(5.92)	(10.33)

The annexed notes 1 to 39 form an integral part of these financial statements.

(KHALID INAM)
Chief Executive

(MUHAMMAD YASIN)
Chief Financial Officer

(INAMUR REHMAN)
Chairman / Director



STATEMENT OF CASH FLOW

For The Year Ended June 30, 2018

A.	CASH FLOWS FROM OPERATING ACTIVITIES	Note	2018 Rupees	2017 Rupees
	Loss before taxation		(85,151,278)	(149,900,104)
	Adjustments for			
	Depreciation	13.1	39,177,621	44,430,437
	Gain on disposal of property, plant and equipment	22	-	(1,083,476)
	Provision for staff retirement gratuity	9.1	792,734	671,688
	Profit on deposits / saving accounts	22	(1,084,855)	(612,531)
	Reversal of provision against doubtful trade debts - net	22	(2,793,415)	(2,533,890)
	Provision against doubtful advances	25	3,015,953	-
	Reversal of provision against sales tax refundable	22	(5,556,242)	-
	Finance cost	26	36,784,007	36,763,131
			(14,815,475)	(72,264,745)
	(Increase) / decrease in current assets			
	Stores, spares and loose tools		-	392,587
	Stock-in-trade		12,445,208	113,749,897
	Trade debts		4,326,925	3,157,333
	Advances and other receivables		97,175	64,871
	Sales tax refundable		14,912,667	(7,505)
	Decrease in current liabilities			
	Trade and other payables		(9,021,326)	(17,130,003)
			22,760,649	100,227,180
	Cash generated from operations		7,945,174	27,962,435
	Finance cost paid		(11,537)	(83,216)
	Gratuity paid	9.1	(318,640)	(144,000)
	Income tax refunded		(143,842)	308,119
	Net cash generated from operating activities		7,471,155	28,043,338
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
	Proceeds from disposal of property, plant and equipment		-	2,514,954
	Profit received on deposits / saving accounts		1,084,855	612,531
	Net cash generated from investing activities		1,084,855	3,127,485
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
	Payment of unclaimed dividend		(1,814)	-
	Net cash used in financing activities		(1,814)	-
	Net increase in cash and cash equivalents (A+B+C)		8,554,196	31,170,823
	Cash and cash equivalents at beginning of the year		(143,023,652)	(174,194,475)
	Cash and cash equivalents at end of the year		(134,469,456)	(143,023,652)
	Cash and cash equivalents			
	Cash and bank balances	19	31,646,919	23,239,723
	Short-term borrowings	11	(166,116,375)	(166,263,375)
			(134,469,456)	(143,023,652)

The annexed notes 1 to 39 form an integral part of these financial statements.


 (KHALID INAM)
 Chief Executive


 (MUHAMMAD YASIN)
 Chief Financial Officer


 (INAMUR REHMAN)
 Chairman / Director



STATEMENT OF CHANGES IN EQUITY

For The Year Ended June 30, 2018

	Share capital	Capital reserve Surplus on revaluation of property, plant and equipment - net of tax	Revenue reserve Accumulated loss	Total
	Rupees			
Balance as at July 01, 2016 - as previously reported	147,000,000	-	(311,995,610)	(164,995,610)
Impact of re-statement - note 3.5.1	-	410,798,946	-	410,798,946
Balance as at July 01, 2016 - as restated	147,000,000	410,798,946	(311,995,610)	245,803,336
Total comprehensive income for the year - restated				
Loss for the year	-	-	(151,840,511)	(151,840,511)
Other comprehensive income for the year - restated	-	(697,240)	-	(697,240)
	-	(697,240)	(151,840,511)	(152,537,751)
Transfer from surplus on revaluation of property, plant and equipment on incremental depreciation - net of tax	-	(14,582,174)	14,582,174	-
Balance as at June 30, 2017 - restated	147,000,000	395,519,532	(449,253,947)	93,265,585
Total comprehensive income for the year				
Loss for the year	-	-	(87,053,578)	(87,053,578)
Other comprehensive income for the year	-	1,743,206	-	1,743,206
	-	1,743,206	(87,053,578)	(85,310,372)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	(12,377,876)	12,377,876	-
Balance as at June 30, 2018	147,000,000	384,884,862	(523,929,649)	7,955,213

The annexed notes 1 to 39 form an integral part of these financial statements.

(KHALID INAM)
Chief Executive

(MUHAMMAD YASIN)
Chief Financial Officer

(INAMUR REHMAN)
Chairman / Director



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

1. STATUS AND NATURE OF BUSINESS

- 1.1 N.P. Spinning Mills Limited (the Company) was incorporated in Pakistan on February 17, 1991 as public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal business activity of the Company is manufacturing and sale of yarn.

The geographical location and address of the Company's business units, including mill, is as under:

Karachi

703 - Uni Tower,
I.I. Chundrigar Road, Karachi
Province of Sindh

Purpose

Head Office
Registered office

Lahore

At 1.5 KM Lalyani Road,
Raiwand, District Lahore
Province of Punjab

Purpose

Mill / Factory

- 1.2 During the year, the Company incurred net loss of Rs. 87.05 million (2017: Rs. 151.84 million) which has resulted in accumulated loss of Rs. 523.93 million (2017: Rs. 449.25 million) as at June 30, 2018. In order to minimize further losses of the Company, the Board of Directors (the Board) of the Company in its meeting held on June 7, 2016 had decided to temporarily suspend the operations of the Factory and had consequently laid off majority of its workforce. The Board considered various aspects for this decision including unfavourable market conditions in the textile spinning sector, high price of utilities, lack of availability of local cotton, shortage of working capital, and severe competition from foreign manufacturers. Further as disclosed in notes 8 and 11, during the year, the lending bank of the Company has also filed a suit against the Company for recovery of outstanding loans and markup thereon. Furthermore, the shareholders in their Annual General Meeting (AGM) held on October 31, 2016 had passed a resolution to authorize the Board to sell property, plant and equipment and other assets of the Company. Since the above resolution has elapsed as per section 183 of the Companies Act, 2017, the shareholders in the AGM held on October 31, 2017 once again passed the resolution to authorize the Board to settle the account of the Company with the lending bank and private creditors in amicable manner either by getting further financing for revival of the unit or to pay-off the dues through disposal of the current and fixed assets of the Company or any part thereof. Considering that one year time will soon elapse after passing of the resolution in the last AGM held on October 31, 2017, the Board has passed a resolution to seek the approval again from the shareholders in the upcoming AGM of the Company, as prescribed under the Companies Act, 2017.

In view of the above, management believes that the Company is not a going concern. Accordingly, the Company may not be able to realize its assets or discharge its liabilities in the normal course of business and hence, management has prepared the accompanying financial statements on a basis other than going concern, as stated in note 2.2.

1.3 Summary of significant transactions and events occurred during the year

Following is the summary of significant transactions and events occurred during the year:

- Filing of a suit by Soneri Bank Limited against the Company for recovery of long-term finance (refer note 8.1) and short-term borrowings (refer note 11.1)
- Adoption of Companies Act, 2017 (refer note 2.1)

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.



Where the provisions of and directives issued under the Act differ with the requirements of IFRSs, the provisions of and directives issued under the Act have been followed.

The Act was enacted on May 30, 2017, and came into force at once. Subsequently, the Securities and Exchange Commission of Pakistan (the SECP) notified through Circular no. 23 of 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, the Company has considered the requirements of the Act in the preparation of these financial statements.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property, plant and equipment as fully explained in note 3.5.1 of these financial statements and change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRSs disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (refer note 13.4), management assessment of sufficiency of tax provision in the financial statements (refer note 27.5), change in threshold for identification of executives (refer note 29), additional disclosure requirements for related parties (refer note 31) etc.

2.2 Basis of measurement

As disclosed in note 1.2 to the financial statements, the Company is not considered a going concern, therefore, these financial statements have been prepared on a basis other than going concern, which is as follows:

- All assets are stated at their realizable values; and
- All liabilities are stated at amounts payable.

While preparing the financial statements on aforementioned basis, management has applied the accounting and reporting standards as applicable in Pakistan, as disclosed in note 2.1. Under the current circumstances, management has reported all assets at their realizable values and all liabilities at amounts payable based on best estimate.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of accounting and reporting standards (as applicable in Pakistan) and basis of preparation as described in note 2.2, that have a significant effect on the financial statements and estimates with significant risk of material judgment in the next financial year are set forth below:

- assumptions and estimates used in determining provision for taxation including deferred taxation (notes 3.2, 6 and 27);
- assumptions and estimates used in determining revalued / recoverable amounts, residual value and useful lives of property, plant and equipment (notes 3.5, 3.13.2 and 13);
- assumptions and estimates used in determining provisions (notes 3.15 and 9);
- assumptions and estimates used in determining the provision for slow moving stores and spares (notes 3.7 and 14.1);
- assumptions and estimates used in writing down items of stock-in-trade to their net realizable value (notes 3.8 and 15); and
- assumptions and estimates used in calculating the provision for impairment for trade debts.



2.5 Amendments to published accounting standards that are effective in the current year

The following amendments to published accounting standards are effective for the year ended June 30, 2018. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.
- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses

Certain annual improvements have also been made to a number of IFRSs.

The Companies Act, 2017 has also brought certain changes with regard to preparation and presentation of financial statements which have been disclosed in note 2.1 of these financial statements.

2.6 New accounting standards, amendments to published accounting standards and new IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them.

	Effective from accounting period beginning on or after:
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
- IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	July 01, 2018 or January 01, 2018.
An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after January 01, 2018.	
- IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
- Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
- IFRS 15 'Revenue from Contracts with Customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
- IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
- Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018



**Effective from accounting
period beginning on
or after:**

- IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

The Company is currently evaluating the impact of application of IFRS 9 and IFRS 15 in its financial statements. Other than these standards, the above standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same, as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2017 except for the changes as disclosed in note 3.5.1. The accounting policies have been enumerated as follows:

3.1 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all its permanent employees who have completed a minimum qualifying period of service. The Company determine gratuity obligation as per the basis disclosed in note 9.1.1.

3.2 Taxation

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

3.2.1 Current tax

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

3.2.2 Deferred tax

Deferred tax is recognized using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits in the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Further, the Company also recognizes a deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

**3.3 Trade and other payables**

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.4 Markup bearing borrowings

Markup bearing borrowings are recognized initially at fair value, less attributable transaction cost. Subsequent to initial recognition, markup bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of borrowings on an effective interest basis.

3.5 Property, plant and equipment

Property, plant and equipment are stated as follows:

- Leasehold land is stated at revalued amount less impairment loss, if any;
- Building on leasehold land, office premises, plant and machinery and electric installations are stated at revalued amounts less accumulated depreciation and impairment losses, if any; and
- Factory equipment, furniture and fixtures, office equipment, computers and vehicles are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of an asset including borrowing costs, if any.

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 its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognized. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation is charged to the statement of profit or loss applying the reducing balance method at the rates specified in note 13. Depreciation on additions is charged from the month an asset is available for use upto the month prior to its disposal.

Depreciation methods, useful lives and residual values of each item of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed and adjusted, if appropriate at each reporting date.

Surplus on revaluation of assets is recognized in other comprehensive income (OCI) and presented as a separate component of equity as "surplus on revaluation of property, plant and equipment", except that it reverses a revaluation deficit for the same asset previously recognised in the statement of profit or loss, in which case the surplus is credited to the statement of profit or loss to the extent of the deficit charged previously. Deficit on revaluation of assets is recognized in the statement of profit or loss, except that it reverses a revaluation surplus for the same asset previously recognized in other comprehensive income, in which case the deficit is charged to other comprehensive income to the extent of the surplus credited previously. The revaluation reserve is not available for distribution to the Company's shareholders.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the estimated fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of assets (net of deferred taxation) is transferred directly to retained earnings (unappropriated profit). Further, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings (unappropriated profit).

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in other income / other expenses in the statement of profit or loss. When revalued assets are sold, any related amount included in the surplus on revaluation is transferred to retained earnings (unappropriated profit / accumulated loss).

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any, and consists of expenditure incurred and advances made in respect of assets in the course of their acquisition, construction and installation. Transfers are made to relevant asset categories as and when assets are available for intended use.



3.5.1 Change in accounting policy

As disclosed in note 2.1, during the year, the Company has considered the requirements of the Act in the preparation of these financial statements. Consequently, the Company has changed its accounting policy for surplus on revaluation of property, plant and equipment, in accordance with requirements of the accounting and reporting standards as applicable in Pakistan under the Act. Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance, 1984. Further, the surplus on revaluation of property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance, 1984.

The Act has not retained the above mentioned specific accounting and presentation requirements of the surplus on revaluation of property, plant and equipment. Consequently, this impacted the Company's accounting policy for surplus on revaluation of property, plant and equipment, and now the related accounting and presentation requirements set out in IFRSs are being followed by the Company.

The new accounting policy is explained under note 3.5, above. Further, the surplus on revaluation of property, plant and equipment is now presented in the statement of financial position and statement of changes in equity as a part of equity.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

	As at June 30, 2017			As at June 30, 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	Rupees			Rupees		
Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment - net of tax	395,519,532	-	(395,519,532)	410,798,946	-	(410,798,946)
Capital reserves	-	395,519,532	395,519,532	-	410,798,946	410,798,946
Effect on statement of changes in equity						
Capital reserves	-	395,519,532	395,519,532	-	410,798,946	410,798,946
Effect on other comprehensive income						
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate	-	(697,240)	(697,240)			

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

3.7 Stores, spares and loose tools

These are stated at lower of moving average cost and net realizable value, less allowance for obsolete and slow moving items (if any). Items in transit are stated at cost comprising invoice value plus other charges incurred thereon upto reporting date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on the management's estimate regarding their future usability.

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

**3.8 Stock-in-trade**

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

- Raw material	Weighted average cost
- Stock-in-transit	Cost accumulated upto reporting date
- Work in process and finished goods	Average manufacturing cost
- Waste	Net realisable value

Average manufacturing cost in relation to work in process and finished goods signifies cost including a portion of related direct overheads.

Net realizable value (NRV) signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

3.9 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.10 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, balances with banks in current and deposit accounts and bank overdraft. Short-term borrowings availed by the Company, which are payable on demand and form an integral part of the Company's cash management, are included as part of cash and cash equivalents for the purpose of the cash flow statement.

3.11 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provision of instruments. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets or liabilities is taken to the statement of profit or loss.

3.12 Offsetting of financial assets and financial liabilities

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

3.13 Impairment**3.13.1 Financial assets**

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

3.13.2 Non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax asset, are reviewed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.



3.14 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan Rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing on the reporting date.

Exchange differences are included in the statement of profit or loss currently.

3.15 Provisions

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

3.16 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

- Revenue from sales of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.
- Interest income is recognized on a time-apportioned basis using the effective rate of return.

3.17 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriations to / from reserves is recognized in the period in which these are approved.

3.18 Earnings per share

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

4. SHARE CAPITAL

2018 -----Number of shares-----	2017		2018 Rupees	2017 Rupees
<u>32,000,000</u>	<u>32,000,000</u>	Authorized		
		Ordinary shares of Rs. 10/- each	<u>320,000,000</u>	<u>320,000,000</u>
		Issued, subscribed and paid up		
		Ordinary shares of Rs.10/- each fully paid		
10,500,000	10,500,000	- in cash	105,000,000	105,000,000
4,200,000	4,200,000	- issued as bonus shares	42,000,000	42,000,000
<u>14,700,000</u>	<u>14,700,000</u>		<u>147,000,000</u>	<u>147,000,000</u>

4.1 The Company has one class of ordinary shares which carry no rights to fixed income. The holders of shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meeting of the Company. All shares rank equally with regard to the Company's residual assets.

4.2 N.P. Waterproof Industries (Private) Limited, an associated undertaking, held 57,400 (2017: 57,400) ordinary shares.



	Note	2018 Rupees	2017 Rupees
5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net of tax			
Balance as at July 01		471,253,795	489,903,430
Less: transferred to unappropriated profit on account of:			
- incremental depreciation		(12,377,876)	(14,582,174)
- related deferred tax liability		(3,218,104)	(4,067,461)
		(15,595,980)	(18,649,635)
		455,657,815	471,253,795
Less: Related deferred tax liability on:	6		
Revaluation surplus as at July 1,		(75,734,263)	(79,104,484)
Adjustment due to change in tax rate		1,743,206	(697,240)
Incremental depreciation charged during the year		3,218,104	4,067,461
	5.1	(70,772,953)	(75,734,263)
Balance as at June 30		384,884,862	395,519,532

- 5.1 In pursuance to the matters disclosed in notes 1.2 and 2.2, management considers that the value of the assets will be realised through disposal rather than use of the assets. Therefore, considering sub section 13(d) of section 22 of the Income Tax Ordinance, 2001, deferred tax liability on surplus of revaluation on building has been restricted to the difference between original cost and tax base.

6. DEFERRED TAXATION

	June 30, 2018				June 30, 2017			
	Opening Liability / (Asset)	Recognised in statement of profit or loss	Recognised in equity / OCI	Closing Liability / (Asset)	Opening Liability / (Asset)	Recognised in statement of profit or loss	Recognised in equity / OCI	Closing Liability / (Asset)
	Rupees				Rupees			
Taxable temporary differences	156,870,828	(21,029,635)	(1,743,206)	134,097,987	159,253,631	(3,080,043)	697,240	156,870,828
Deductible temporary differences and unused tax losses / credits	(156,870,828)	22,772,841	-	(134,097,987)	(159,253,631)	2,382,803	-	(156,870,828)
		1,743,206	(1,743,206)	-		(697,240)	697,240	-

- 6.1 As disclosed in note 1.2, the Company is not considered a going concern, therefore, the deferred tax liability on taxable temporary differences has been determined on the basis of tax consequences of disposal of assets rather than use of assets. Further, the recognition of deferred tax asset has been restricted to the extent of available taxable temporary differences. Accordingly, the Company has not recorded deferred tax asset on losses amounting to Rs. 368.03 million (2017: Rs. 275.15 million) and minimum tax credit amounting to Rs. 0.9 million (2017: Rs. 0.72 million)

7. LOAN FROM DIRECTORS

During the year ended June 30, 2015, the Company entered into agreements with directors / shareholders in their capacity as sponsors, whereby the repayment of loan was deferred for a period of five years from the date of the agreement, i.e., June 22, 2015. The loans are interest free, unsecured and are repayable in full at the end of five-year period until further extended by mutual agreement. Since, the Company is not being considered a going concern (as disclosed in note 1.2) the loan from directors has been stated at amount payable in accordance with note 2.2, and therefore, the loan from directors has been stated at the undiscounted amount.



	Note	2018 Rupees	2017 Rupees
8. LONG-TERM FINANCE - Banking company - secured			
Term finance	8.1	277,000,000	277,000,000
Less: current portion of long-term finance		(277,000,000)	(277,000,000)
		-	-

8.1 This represents long-term finance facility obtained by the Company for the purpose of repayment of liability against import of machinery. The facility carries markup at the rate of six month KIBOR plus 2.5% and is secured against first charge over fixed assets of the Company.

During the previous year, the grace period of the long-term finance ended on September 03, 2016, and first installment become due on October 03, 2016. However, the Company has not been able to make any installment payment to the bank as per the repayment schedule. As at June 30, 2018, monthly installments aggregating to Rs.121.19 million (2017: Rs. 51.94 million) are overdue. Consequent to the default, in accordance with the terms of agreements, the entire amount of long-term finance became due and payable by the Company immediately, therefore, the whole amount of long-term finance has been classified as current liability. During the year, the Bank has filed a suit against the Company for recovery of outstanding loans and markup thereon. In response, the Company has filed application for leave to defend. The matter is currently pending for hearing of leave to defend application.

	Note	2018 Rupees	2017 Rupees
9. TRADE AND OTHER PAYABLES			
Creditors		82,325,984	82,326,684
Advance from customers - unsecured		20,319,466	28,047,141
Accrued liabilities		35,094,169	36,047,921
Staff retirement gratuity	9.1	1,151,595	677,501
Provision for GID cess and increased gas tariff	9.2 & 9.3	92,519,625	92,519,625
Infrastructure fee / cess	9.4	50,002,814	50,002,814
Withholding tax		966,793	950,652
Others		1,103,445	1,458,785
		283,483,891	292,031,123

9.1 Movement during the year

Balance as at July 1,		677,501	149,813
Expense recognized in statement of profit or loss		792,734	671,688
Payments made during the year		(318,640)	(144,000)
Balance as at June 30,	9.1.1	1,151,595	677,501

**9.1.1 Staff retirement gratuity**

As disclosed in note 1.2, in the previous year, the Company suspended its operations and laid off majority of its work force and retained only key administrative staff. Since the Company pays gratuity to its employees on an annual basis and as per note 2.2 the liabilities have to be stated at amounts payable, no actuarial valuation has been carried out during the current and previous years and the liability as at June 30, 2018 and June 30, 2017 has been determined on the basis of amounts payable to the eligible employees in the next year, which is equivalent to one month gross salary.

- 9.2** In August 2013, the Oil and Gas Regulatory Authority (OGRA) vide its SRO # 726(I)/2013 notified the sale price for sale of natural gas at Rs. 573.28/MMBTU for captive power consumption (CPP) with immediate effect. Prior to such notification the applicable sale price was Rs. 488.23/MMBTU. Subsequent to the said SRO, the Company received gas bills at Rs.573.28/MMBTU, being considered as CPP by the utility company. The Company, considering itself industrial consumer paid gas charges at the rate applicable before August 2013 on the basis of stay order obtained from the Honorable Lahore High Court (LHC).

Subsequently, on September 1, 2015, OGRA vide its SRO# 876(I)/2015 notified the price for sale of natural gas at Rs. 600/MMBTU for industrial and captive power consumption with effect from the said date. The Company did not obtain any stay from the court for the sale price notified through SRO 876(I)/2015 and has made payments at the rate of Rs. 514.72/MMBTU [i.e., the original tariff of Rs. 488/MMBTU plus Rs. 26.72/MMBTU, being the difference between the tariff notified through SRO 726(I)/2013 and SRO 876(I)/2015]. As a matter of abundant caution, the Company recorded a provision (but not paid) for the initial tariff increase as notified through SRO 726(I)/2013 since August 2013.

- 9.3** Under the Gas Infrastructure Development Cess Act, 2011, Government of Pakistan levied Gas Infrastructure Development (GID) Cess on gas bills at the rate of Rs. 13 per MMBTU on all industrial consumers. In the month of June 2012, the Federal Government revised GID Cess rate from Rs. 13 per MMBTU to Rs. 100 per MMBTU.

The Company along with group of other plaintiffs filed a suit before the High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act, 2011. The Sindh High Court had restrained the Federation and gas companies from recovering GID Cess over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GID Cess as a tax was not validly levied in accordance with the Constitution.

In September 2014, the Federal Government promulgated Gas Infrastructure Cess (GIDC) Ordinance No. VI of 2014. In May 2015, the said Ordinance was approved in the parliament and became an Act. Under the Act, GID Cess at the rate of Rs. 100 per MMBTU on all industrial consumers and Rs. 200 per MMBTU on all Captive Power Plant (CPP) has been levied.

Subsequent to the approval of the Act, the Company received gas bills at the rate of Rs. 200 per MMBTU, as the Company was considered a CPP by the utility company. The Company along with other plaintiffs has challenged GIDC Act, 2015 including retrospective levy of the GID Cess and has filed a writ petition in the Honorable Sindh High Court. However, on a prudent basis, the Company recorded a provision in respect of GID cess, which also includes the provision pertaining to the period from initial GID Cess Act of 2011 until the date of the Supreme Court order through which the applicability of GIDC was invalidated.

- 9.4** The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for the development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The levy was challenged by the Company along with other companies in the High Court of Sindh through civil suits which were dismissed by the single judge of the High Court of Sindh through its decision in October 2003. On appeal filed there against, the High Court of Sindh has held through an order passed in September 2008, that the levy as imposed through the Sindh Finance Act, 1994 (amended from time to time) was not valid till December 28, 2006, however, thereafter on account of an amendment in the Sindh Finance (Amendment) Ordinance, 2006, it had become valid and is payable by the Appellants. The Company, along with other companies, filed an appeal in the Supreme Court of Pakistan against the aforementioned order of High Court of Sindh. The Supreme Court granted stay by passing an interim order on January 22, 2009. The order passed by the High Court of Sindh was set aside by the Supreme Court vide its order dated May 20, 2011. Consequently, a new petition had been filed in the High Court of Sindh. Through the interim order passed on May 31, 2011, the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed.

Management is confident of a favorable outcome. However, as a matter of prudence, the Company has made provision as follows:



	Note	2018 Rupees	2017 Rupees
Balance as at July 1,		50,002,814	50,002,814
Provision during the year		-	-
Payments made during the year		50,002,814	50,002,814
Balance as at June 30,		50,002,814	50,002,814

10. ACCRUED MARK-UP

Markup payable on long-term finance	8	59,974,977	36,000,740
Markup payable on short-term borrowings	11	35,333,516	22,535,283
	10.1	95,308,493	58,536,023

10.1 Accrued mark-up as at the reporting date represents mark-up payable since January 01, 2016. The Company has not been able to pay the mark-up.

	Note	2018 Rupees	2017 Rupees
11. SHORT-TERM BORROWINGS			
From a banking company - secured			
Running finance		99,800,982	99,947,982
Cash finance		35,370,928	35,370,928
Finance against import merchandise (FIM)		30,944,465	30,944,465
	11.1	166,116,375	166,263,375

11.1 Facilities for running finance, cash finance and FIM had expired in previous years. These facilities are subject to mark-up at the rate of KIBOR plus 1.5% (2017: KIBOR plus 1.5%) per annum payable quarterly. These are secured against first hypothecation charge over fixed assets and pledge of all raw material. During the year, the Bank has filed a suit against the Company for recovery of outstanding loans and markup thereon. In response, the Company has filed application for leave to defend. The matter is currently pending for hearing of leave to defend application.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

	2018 Rupees	2017 Rupees
Guarantees issued by bank on behalf of the Company with recourse to:		
- Sui Northern Gas Pipelines Limited	36,639,300	36,639,300
- Sindh Cess	54,950,000	54,950,000

12.2 On April 19, 2013, the Federal Board of Revenue (FBR) issued a tax demand notice to the Company of Rs. 65,062,038 on the grounds that the Company's customers have either not shown or have shown less purchases from the Company in their respective sales tax returns based on Computerized Risk Evaluation of Sales Tax (CREST). The Company had filed for stay in the Honorable Sindh High Court (SHC). The Honorable SHC granted the stay order on April 30, 2013, which restrained FBR from pursuing criminal proceedings against the directors of the Company but allowed the FBR to pursue the case in terms of audit but no final order will be issued by FBR without permission of the Court.

The Company submitted an interim reply to FBR on May 7, 2013 wherein certain clarifications in respect of the notice issued by FBR were sought. Till date, no clarifications have been received from FBR and accordingly, the Company has not submitted a final reply.

12.3 Commitments

There are no commitments of the Company as at June 30, 2018 and June 30, 2017.

	Cost / Revaluation			Depreciation				
Particulars	As at July 01, 2017	Additions / (deletions)	As at June 30, 2018	As at July 01, 2017	Charge / (adjustments) for the year	As at June 30, 2018	Written down value as at June 30, 2018	Depreciation rate %
				- Rupees-----				
Leasehold land	65,000,000	-	65,000,000	-	-	-	65,000,000	-
Buildings on leasehold land	253,096,492	-	253,096,492	14,958,003	7,144,155	22,102,158	230,994,334	3
Office premises	3,732,000	-	3,732,000	2,100,479	48,946	2,149,425	1,582,575	3
Plant and machinery	955,828,801	-	955,828,801	394,807,208	28,051,080	422,858,288	532,970,513	5-33
Electric installations	32,890,000	-	32,890,000	3,206,775	1,484,161	4,690,936	28,199,064	5
Factory equipment	25,892,756	-	25,892,756	14,778,235	1,111,452	15,889,687	10,003,069	10
Furniture and fixtures	3,134,593	-	3,134,593	1,968,353	116,624	2,084,977	1,049,616	10
Office equipment	4,338,696	-	4,338,696	2,581,673	175,702	2,757,375	1,581,321	10
Computers	565,406	-	565,406	540,573	8,195	548,768	16,638	33
Vehicles	11,302,394	-	11,302,394	6,115,860	1,037,306	7,153,166	4,149,228	20
	1,355,781,138	-	1,355,781,138	441,057,159	39,177,621	480,234,780	875,546,358	



Particulars	Cost / Revaluation			Depreciation		Written down value as at June 30, 2017	Depreciation rate %
	As at July 01, 2016	Additions / (deletions)	As at June 30, 2017	As at July 01, 2016	Charge / (adjustments) for the year		
-----Rupees-----							
Leasehold land	65,000,000	-	65,000,000	-	-	65,000,000	-
Buildings on leasehold land	253,096,492	-	253,096,492	7,592,895	7,365,108	238,138,489	3
Office premises	3,732,000	-	3,732,000	2,050,020	50,459	1,631,521	3
Plant and machinery	955,828,801	-	955,828,801	362,545,882	32,261,326	561,021,593	5-33
Electric installations	32,890,000	-	32,890,000	1,644,500	1,562,275	29,683,225	5
Factory equipment	25,892,756	-	25,892,756	13,543,288	1,234,947	11,114,521	10
Furniture and fixtures	3,134,593	-	3,134,593	1,838,771	129,582	1,166,240	10
Office equipment	4,338,696	-	4,338,696	2,386,448	195,225	1,757,023	10
Computers	565,406	-	565,406	528,342	12,231	24,833	33
Vehicles	16,865,894	-	11,302,394	8,628,598	1,619,284	5,186,534	20
		(5,563,500)			(4,132,022)		
	1,361,344,638	-	1,355,781,138	400,758,744	44,430,437	914,723,979	
		(5,563,500)			(4,132,022)		



	Note	2018 Rupees	2017 Rupees
13.1 Depreciation for the year has been allocated as under:			
Cost of sales	21.1	37,907,471	42,553,238
Administrative expenses	24	1,270,150	1,877,199
		39,177,621	44,430,437

13.2 The Company carries its leasehold land, buildings on leasehold land, office premises, plant and machinery and electric installations at revalued amount under IAS 16 'Property, Plant and Equipment'. Last revaluation was performed by Pakistan Banks' Association (PBA) recognized valuer 'Joseph Lobo (Private) Limited' as on June 30, 2015 which resulted in total surplus of Rs. 508.55 million. The valuation was carried out by taking into account the detailed specification of the assets and is based on the present market value and recent market transactions. Forced sale values were not disclosed in the above mentioned latest valuation report provided by the valuer.

13.3 Had there been no revaluation the related figures of leasehold land, buildings on leasehold land, office premises, plant and machinery and electric installations, would have been as follows:

	June 30, 2018		
	Cost	Accumulated depreciation	Net book value
	Rupees		
Leasehold land	8,492,609	-	8,492,609
Buildings on leasehold land	77,471,152	62,194,071	15,277,081
Office premises	3,732,000	3,011,236	720,764
Plant and machinery	955,828,801	579,393,921	376,434,880
Electric installations	16,967,029	14,803,692	2,163,337
As at 30 June 2018	1,062,491,591	659,402,920	403,088,671

	June 30, 2017		
	Cost	Accumulated depreciation	Net book value
	Rupees		
Leasehold land	8,492,609	-	8,492,609
Buildings on leasehold land	77,471,152	61,721,584	15,749,568
Office premises	3,732,000	2,988,944	743,056
Plant and machinery	955,828,801	558,870,198	396,958,603
Electric installations	16,967,029	14,689,832	2,277,197
As at 30 June 2017	1,062,491,591	638,270,558	424,221,033



13.4 Particulars of immovable assets of the Company are as follows:

Location	Address	Usage of immovable property	Total area
Lahore	At 1.5 Kilometers Lalyani Road, Raiwand	Mill / Factory	13.1 Acres
Karachi	703 - Uni Tower, I.I. Chundrigar Road	Head office	2,579 sq. ft

13.5 Disposal of property, plant and equipment

No asset was disposed off during the year.

Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Name and address of buyer	Mode of disposal
----- Rupees -----						
2018	-	-	-	-		
2017	5,563,500	4,132,022	1,431,478	2,514,954		

14. STORES, SPARES AND LOOSE TOOLS

Stores, spares and loose tools
Less: Provision for slow-moving and obsolete items

Note

2018
Rupees

2017
Rupees

32,959,768 (19,817,944)	32,959,768 (19,817,944)
13,141,824	13,141,824

14.1 Provision for slow-moving and obsolete items

Balance at July 01
Provision for slow moving and obsolete items
Balance at June 30

19,817,944	19,817,944
-	-
19,817,944	19,817,944

15. STOCK-IN-TRADE

Raw material
Finished goods

15.1

38,377,351	38,377,351
3,319,780	15,764,988
41,697,131	54,142,339

15.1 The Company has recognized a write down of Rs. Nil (2017: Rs. 4.29 million) to adjust the carrying value of stock-in-trade to net realizable value.



	Note	2018 Rupees	2017 Rupees
16. TRADE DEBTS			
Local - unsecured			
Considered good		-	1,533,510
Considered doubtful		30,549,659	33,343,074
		30,549,659	34,876,584
Provision for doubtful trade debts	16.1	(30,549,659)	(33,343,074)
		-	1,533,510
16.1 Movement of provision for doubtful trade debts			
Balance at July 1		33,343,074	35,876,964
Provision made during the year		3,694,385	-
Reversal of provision		(6,487,800)	(2,533,890)
	22	(2,793,415)	(2,533,890)
Balance at June 30		30,549,659	33,343,074

16.2 Trade debts are non-interest bearing and are generally on 90 - 120 days term.

16.3 Ageing of past due but not impaired

As at June 30, 2018, no trade debts (2017: Rs. 1.53 million) were past due but not impaired. These relate to a number of independent customers for whom there was no recent history of default. The ageing analysis of these trade debts is as follows:

	Note	2018 Rupees	2017 Rupees
121 - 365 days		-	1,533,510
Above 365 days		-	-
		-	1,533,510

17. ADVANCES AND OTHER RECEIVABLES

Advances - Considered good

- To suppliers	-	3,113,128
- To employees	1,195	1,195
- Income tax	22,894,459	22,909,711
	22,895,654	26,024,034

Advances - Considered doubtful

- To suppliers	9,347,343	6,331,390
- Income tax	15,003,553	15,003,553
	24,350,896	21,334,943
	47,246,550	47,358,977
Less: provision for doubtful advances	(24,350,896)	(21,334,943)
	22,895,654	26,024,034



	Note	2018 Rupees	2017 Rupees
17.1 Movement of provision			
Balance at July 01		21,334,943	21,334,943
Provision made during the year	25	3,015,953	-
Balance at June 30		24,350,896	21,334,943
18. SALES TAX REFUNDABLE			
Considered good		-	9,356,425
Considered doubtful		10,990,653	16,546,895
		10,990,653	25,903,320
Less: Provision against sales tax refundable	18.1	(10,990,653)	(16,546,895)
		-	9,356,425
18.1 Movement of provision			
Balance at July 01		16,546,895	16,546,895
Provision reversed during the year	22	(5,556,242)	-
Balance at June 30		10,990,653	16,546,895
19. CASH AND BANK BALANCES			
Cash in hand		-	-
Cash at bank - local currency			
- in current accounts		6,164,241	4,166,307
- in savings accounts	19.1	25,482,678	19,073,416
		31,646,919	23,239,723
19.1	Effective mark-up rate is 4.35% to 4.65% (2017: 4% - 5%) per annum. There is lien on Rs. 2.6 million (2017: Rs. 2.6 million) in respect of security against short-term-borrowings (note 11.1).		
20. SALES - net			
Yarn - Local		12,727,514	71,080,577
Raw material - Local		-	-
Waste - Local		-	1,036,878
		12,727,514	72,117,455
Less: Sales tax on local sales		-	-
		12,727,514	72,117,455



	Note	2018 Rupees	2017 Rupees
21. COST OF SALES			
Cost of goods sold	21.1	44,058,893	62,230,872
Finished goods			
Opening stock		15,764,988	125,218,953
Closing stock		(3,319,780)	(15,764,988)
		12,445,208	109,453,965
		56,504,101	171,684,837
21.1 Cost of goods sold			
Raw material consumed	21.1.1 & 21.1.2	-	4,295,932
Packing material		-	-
Stores and spares consumed		-	-
Salaries, wages and benefits	21.1.3	4,596,427	4,575,542
Fuel and power		932,191	9,459,469
Insurance		-	-
Repairs and maintenance		342,862	507,514
Depreciation	13.1	37,907,471	42,553,238
Other manufacturing overheads		279,942	839,177
		44,058,893	62,230,872
Work-in-process			
Opening stock		-	-
Closing stock		-	-
		44,058,893	62,230,872
21.1.1 Raw material consumed			
Opening stock		38,377,351	42,673,283
Purchases and purchase expenses		-	-
		38,377,351	42,673,283
Closing stock		(38,377,351)	(38,377,351)
		-	4,295,932

21.1.2 This includes NRV charge of Rs. Nil (2017: Rs. 4.29 million) on stock-in-trade as disclosed in note 15.1.

21.1.3 Salaries, wages and benefits include Rs. 0.33 million (2017: Rs. 0.34 million) in respect of staff retirement benefits.



	Note	2018 Rupees	2017 Rupees
22. OTHER INCOME			
Income from financial assets			
Profit on deposits / saving accounts		1,084,855	612,531
Income from assets other than financial assets			
Gain on disposal of property, plant and equipment		-	1,083,476
Reversal of provision against doubtful trade debts - net	16.1	2,793,415	2,533,890
Reversal of provision against sales tax refundable	18.1	5,556,242	-
		9,434,512	4,229,897
23. DISTRIBUTION COST			
Freight		-	75,805
24. ADMINISTRATIVE EXPENSES			
CEO / Directors' remuneration	29	4,595,794	4,595,794
Salaries and benefits	24.1	1,972,041	5,100,081
Travelling and conveyance		136,450	1,230,744
Printing and stationery		105,961	240,195
Postage and telephone		165,154	504,906
Legal and professional		949,500	511,200
Advertisement		22,800	39,106
Repairs and maintenance		196,707	632,622
Vehicles running		713,158	1,051,340
Fees, subscription and periodicals		288,202	445,946
Auditors' remuneration	24.2	325,000	300,000
Depreciation	13.1	1,270,150	1,877,199
Tax penalties	24.3	-	610,283
Others		268,326	584,267
		11,009,243	17,723,683

24.1 Salaries and benefits include Rs. 0.46 million (2017: Rs. 0.33 million) in respect of staff gratuity.

	2018 Rupees	2017 Rupees
24.2 Auditors' remuneration		
Audit Services		
Annual audit fee	200,000	200,000
Half yearly review fee	75,000	75,000
Code of Corporate Governance review fee	25,000	25,000
Other services	25,000	-
	325,000	300,000

24.3 During the previous year, the Company received tax demands under section 161 of the Income Tax Ordinance, 2001, amounting to Rs. 0.61 million for the tax years 2010, 2011, 2012, 2014 and 2015 from Assistant Commissioner - Inland Revenue for short deduction of withholding tax. The Company decided not to file an appeal against the demand and accordingly, recorded a charge of Rs. 0.61 million in the previous year.



	Note	2018 Rupees	2017 Rupees
25. OTHER OPERATING EXPENSES			
Provision against doubtful advances	17.1	<u>3,015,953</u>	<u>-</u>
26. FINANCE COST			
Mark-up / interest on:			
- Long-term finance		23,974,237	22,535,283
- Short-term borrowings		12,798,233	14,144,632
		11,537	83,216
Bank charges and commission		<u>36,784,007</u>	<u>36,763,131</u>
27. TAXATION			
Current			
- for the year		159,094	721,175
- for prior years		-	1,916,472
		159,094	2,637,647
Deferred	6	1,743,206	(697,240)
		<u>1,902,300</u>	<u>1,940,407</u>
27.1 Relationship between tax expense and accounting profit			
Accounting loss for the year		(85,151,278)	(149,900,104)
Tax rate		30%	31%
Tax at the applicable rate		(25,545,383)	(46,469,032)
Impact of tax losses not recognized in current year		37,623,145	39,934,643
Impact of change in tax rate		(6,011,054)	2,324,133
Impact of permanent differences		(1,666,873)	-
Impact of minimum tax		159,094	721,175
Impact of prior year charge		-	1,916,472
Others		(2,656,629)	3,513,016
Tax charge for the year		<u>1,902,300</u>	<u>1,940,407</u>
27.2	In respect of assessment year 2012, the Company had received notice of demand of Rs. 1.92 million under section 122(5A) of the Income tax Ordinance, 2001, in respect of levy of turnover tax. An appeal was filed by the Company before Commissioner Inland Revenue (Appeals-II) (CIR – Appeals) which was rejected by CIR Appeals and accordingly management had recorded a prior year charge of Rs. 1.92 million in previous year.		
27.3	During the year, the Company has received a notice whereby it has been selected for audit for the tax year 2016 under section 214D for late filing of the return. Certain queries were made by the tax department, the response of which was submitted by the Company during the year. Subsequent to the year end the Company has received the same notice again on which the Company has referred the previously issued notice, the responses given by the Company thereon and requested the department to withdraw the second notice. The Company has received no response to the above mentioned replies.		



27.4 During the year 2016, the tax department selected tax year 2014 for audit under section 214C of the Income Tax Ordinance, 2001 (the Ordinance). During 2017, the Commissioner passed an order under section 122 of the Ordinance, whereby the Company's assessed loss had been decreased from Rs. 41.11 million to Rs. 17.09 million. The Company filed the appeal with Commissioner Inland Revenue - Appeals (CIR - A) against the above order for correction of errors in the above order. CIR - A directed the Commissioner to allow correct credit of taxes paid after due verification.

27.5 Provisions against tax in the financial statements for the years 2017, 2016 and 2015 are Rs. 0.72 million, Rs. Nil million and Rs. Nil million as against the assessed refunds of Rs. 0.1 million, Rs. 5.57 million and Rs. 16.54 million respectively. The tax provisions for the current and previous years are thus sufficient and adequately covers the assessed / declared position.

28. EARNINGS PER SHARE - BASIC AND DILUTED

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

	2018	2017
Loss for the year	Rupees (87,053,578)	(151,840,511)
Weighted average number of ordinary shares outstanding during the year	14,700,000	14,700,000
Loss per share - basic and diluted	Rupees (5.92)	(10.33)

29. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2018			2017		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	Rupees					
Managerial remuneration	2,842,759	-	-	2,842,759	-	-
House rent	1,279,241	-	-	1,279,241	-	-
Bonus	236,897	-	-	236,897	-	-
Leave encashment	236,897	-	-	236,897	-	-
	4,595,794	-	-	4,595,794	-	-
No. of persons	1	-	-	1	-	-

The Chief Executive Officer and Directors are provided with free use of Company maintained cars and reimbursement of telephone bills in accordance with the terms of their appointment.

As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

30. OPERATING SEGMENTS

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

Chief Executive Officer considers the business as a single operating segment as the Company's assets allocation decisions are based on a single, integrated business strategy, and the Company's performance is evaluated on an overall basis.


31. TRANSACTIONS WITH RELATED PARTIES

The related party comprises of associated undertakings, key management personnel and post employment benefit scheme. The Company in the normal course of business carries out transactions with various related parties. Details of loan from directors of the Company is disclosed in note 7 and remuneration of key management personnel is disclosed in note 29. No other transactions with related parties were carried out during the current and prior years.

31.1 Details of related parties

Name of related party	Basis of relationship and percentage of holding
Mr. Inamur Rehman	Director holding 15.52% shares
Mr. Khalid Inam	Director holding 68.50% shares

32. PLANT CAPACITY AND ACTUAL PRODUCTION

	2018	2017
Installed production capacity 20/s count - yarn in kgs	15,248,530	15,248,530
Actual production during the year at 20/s count-yarn in kgs	-	-

As disclosed in note 1.2, the Company has temporary suspended its operation, therefore, the actual production for the current and prior years is nil.

33. FINANCIAL INSTRUMENTS BY CATEGORY
Financial assets as per statement of financial position
Loans and receivables

	2018 Rupees	2017 Rupees
Trade debts	-	1,533,510
Advances and other receivables	1,195	1,195
Cash and bank balances	31,646,919	23,239,723
	31,648,114	24,774,428

Financial liabilities as per statement of financial position
At amortized cost / amount payable

Loan from directors	153,500,000	153,500,000
Long-term finance	277,000,000	277,000,000
Trade and other payables	139,994,659	148,558,032
Accrued mark-up	95,308,493	58,536,023
Short-term borrowings	166,116,375	166,263,375
Unclaimed dividend	3,209,136	3,210,950
	835,128,663	807,068,380



34. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

34.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counterparties are engaged in similar business activities, or have activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk from its operating activities primarily for trade debts and balances / deposits with banks. The carrying amount of financial assets represents the maximum credit exposure.

34.1.1 Trade debts

The trade debts at year end are primarily due from local customers against local sales. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Company has no major concentration of credit risk with any single customer. The Company establishes an allowance for impairment that represents its estimate of incurred losses for overdue balances based on analysis of each customer. The trade debts that are past due but not impaired are disclosed in note 16.3.

34.1.2 Balances with banks

The Company deposits its fund with banks carrying good credit standings assessed by reputable credit agencies. These banks are credit rated as follows:

Name of the Bank	Rating Agency	Credit Rating		Month of Rating
		Short term	Long Term	
National Bank of Pakistan	PACRA	A1+	AAA	Jun-18
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	Jun-18
MCB Bank Limited	PACRA	A1+	AAA	Jun-18
Habib Bank Limited	JCR-VIS	A-1+	AAA	Jun-18
Soneri Bank Limited	PACRA	A1+	AA-	Jun-18
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	AA-	Jun-18

34.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:



	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	Rupees			
2018				
Loan from directors	153,500,000	153,500,000	-	153,500,000
Long-term finance	277,000,000	277,000,000	277,000,000	-
Trade and other payables	139,994,659	139,994,659	139,994,659	-
Accrued mark-up	95,308,493	95,308,493	95,308,493	-
Short-term borrowings	166,116,375	166,116,375	166,116,375	-
Unclaimed dividend	3,209,136	3,209,136	3,209,136	-
	835,128,663	835,128,663	681,628,663	153,500,000
2017				
Loan from directors	153,500,000	153,500,000	-	153,500,000
Long-term finance	277,000,000	277,000,000	277,000,000	-
Trade and other payables	148,558,032	148,558,032	148,558,032	-
Accrued mark-up	58,536,023	58,536,023	58,536,023	-
Short-term borrowings	166,263,375	166,263,375	166,263,375	-
Unclaimed dividend	3,210,950	3,210,950	3,210,950	-
	807,068,380	807,068,380	653,568,380	153,500,000

34.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

The Company is exposed to interest rate only.

34.3.1 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. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term borrowings with floating interest rates.

	Carrying amount	
	2018	2017
	Rupees	Rupees
Fixed rate instrument		
Financial asset - savings account	25,482,678	19,073,416
Variable rate instrument		
Financial liabilities - KIBOR based	443,116,375	443,263,375

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and the profit before tax by Rs. 4.43 million (2017: Rs. 4.43 million) with the corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2017.



35. FAIR VALUE MEASUREMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of all the financial instruments reflected in these financial statements approximate their fair value. IFRS 13 requires categorization of fair value measurements into different levels of fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company does not have any financial assets and liabilities measured at fair value. However, as disclosed in note 3.5, the Company has revalued certain items of property, plant and equipment as disclosed below.

Details of fair value hierarchy and information relating to fair value of Company's leasehold land, buildings on leasehold land, office premises, plant and machinery and electric installations is as follows:

	Level 1	Level 2	Level 3	Total
	Rupees			
As at June 30, 2018				
Leasehold land	-	65,000,000	-	65,000,000
Buildings on leasehold land	-	230,994,334	-	230,994,334
Office premises	-	1,582,575	-	1,582,575
Plant and machinery	-	532,970,513	-	532,970,513
Electric installations	-	28,199,064	-	28,199,064
	-	858,746,486	-	858,746,486
As at June 30, 2017				
Leasehold land	-	65,000,000	-	65,000,000
Buildings on leasehold land	-	238,138,489	-	238,138,489
Office premises	-	1,631,521	-	1,631,521
Plant and machinery	-	561,021,593	-	561,021,593
Electric installations	-	29,683,225	-	29,683,225
	-	895,474,828	-	895,474,828

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Unclaimed dividend	
	2018	2017
	Rupees	Rupees
Balance as at July 01	3,210,950	3,210,950
Financing cash inflows	-	-
Financing cash outflows	(1,814)	-
Non-cash changes	-	-
Balance as on June 30	3,209,136	3,210,950



37. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2018 and 2017 respectively are as follows :

	Factory		Total	
Average number of employees during the year	19	22	22	25
Number of employees as at June 30	18	21	21	24

38. CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications have been made during the year:

Description	Reclassified from	Reclassified to	2017 Rupees
Unclaimed dividend	Trade and other payables	Unclaimed dividend (presented on face of statement of financial position)	3,210,950

39. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 01, 2018

(KHALID INAM)
Chief Executive

(MUHAMMAD YASIN)
Chief Financial Officer

(INAMUR REHMAN)
Chairman / Director

**PATTERN OF SHAREHOLDING***As At June 30, 2018*

No. of Shareholders	Shareholding		Total Shares Held	%
	From	To		
286	1	100	21,157	0.14
244	101	500	60,162	0.41
290	501	1,000	207,851	1.42
54	1,001	5,000	124,600	0.85
20	5,001	10,000	134,350	0.91
5	10,001	15,000	66,700	0.45
2	20,001	25,000	44,029	0.30
1	30,001	35,000	34,300	0.23
1	55,001	60,000	57,400	0.39
1	90,001	95,000	94,001	0.64
1	305,001	310,000	307,770	2.09
1	1,195,001	1,200,000	1,197,780	8.15
1	2,280,001	2,285,000	2,280,820	15.52
1	10,065,001	10,070,000	10,069,080	68.50
908			14,700,000	100.00

CATEGORIES OF SHAREHOLDERS

Sr. #	Categories of Shareholder(s)	Number	Shares Held	%
1-	Joint Stock Companies	3	1,500	0.01
2-	Directors, CEO, their Spouses and Minor Children	7	13,971,480	95.05
3-	Executives	-	-	-
4-	Associated Companies, Related Parties etc.	1	57,400	0.39
5-	Banks, DFIs, NBFIs, Investment Cos. etc.	2	1,500	0.01
6-	Others	1	500	0.00
7-	Individuals	894	667,620	4.54
		908	14,700,000	100.00

DETAILS OF CATEGORIES OF SHAREHOLDERS

1.	Joint Stock Companies	Number	Shares Held
1.1	M/s. Y.S. Securities & Services (Private) Limited	1	500
1.2	M/s. Noman Abid & Co. Limited	1	500
1.3	M/s. Highlink Capital (Private) Limited	1	500
		3	1,500



2.	<u>Directors, CEO, their Spouses and Minor Children</u>		
2.1	Mr. Inamur Rehman	1	2,280,820
2.2	Mrs. Summayya Rehman	2	1,219,309
2.3	Mr. Khalid Inam	1	10,069,080
2.4	Mrs. Asma Khalid	2	401,771
2.5	Mr. Muhammad Samee	-	-
2.6	Mr. Noor Muhammad	1	500
2.7	Mr. Furqan Zia	-	-
		7	13,971,480
3.	<u>Executives</u>	-	-
4.	<u>Associated Companies, Related Parties etc.</u>		
4.1	M/s. N. P. Waterproof Industries (Private) Limited	1	57,400
5.	<u>Banks, DFIs, NBFIs, Investment Cos. etc.</u>		
5.1	M/s. Investment Corporation of Pakistan	1	1,000
5.2	M/s. Progressive Investment Management (Private) Ltd.	1	500
		2	1,500
6.	<u>Others</u>		
6.1	M/s. Pakistan Stock Exchange Limited	1	500
7.	<u>Individuals</u>	894	667,620
		908	14,700,000

Shareholders holding 5% or more shares

		<u>Shares Held</u>	<u>%</u>
➤	Mr. Inamur Rehman (Chairman / Director)	2,280,820	15.52
➤	Mrs. Summayya Rehman (Director)	1,219,309	8.30
➤	Mr. Khalid Inam (Chief Executive)	10,069,080	68.50



(h) مختتمہ سال 30 جون 2018 کے دوران بورڈ کے پانچ اور آڈٹ کمیٹی کے پانچ اجلاس ہوئے جن میں حاضری کی تفصیل درج ذیل ہے:

ڈائریکٹر کا نام	بورڈ کے اجلاس	آڈٹ کمیٹی	ایچ آر اینڈ آر کمیٹی
جناب انعام الرحمن	5	-	-
محترمہ سمیہ رحمن	5	-	-
جناب خالد انعام	5	-	-
محترمہ اسماء خالد	5	-	-
جناب فخر محی الدین فاروقی	-	1	-
جناب نور محمد	5	5	-
جناب ضیاء الدین زبیری	3	3	-
جناب محمد سمیع *	5	4	-
جناب فرقان ضیاء **	1	1	-

* جناب فخر محی الدین فاروقی جنہوں نے 19-07-2017 کو استعفیٰ دیا تھا، کی جگہ بھرتی کیا گیا۔

** جناب ضیاء الدین زبیری جن کا 19-01-2017 کو انتقال ہو گیا تھا، کی جگہ بھرتی کیا گیا۔

(i) 30 جون 2018ء کو حصص داری کی ساخت اس رپورٹ کے ساتھ منسلک ہے۔

(j) ڈائریکٹران، سی ای او، سی ایف او اور کمپنی سیکریٹری کی طرف سے حصص میں کئے کاروبار کا انکشاف

ڈائریکٹران، سی ای او، سی ایف او، کمپنی سیکریٹری اور ان کی شریک حیات اور چھوٹے بچوں نے اس سال کے دوران کمپنی کے حصص میں کوئی کاروبار نہیں کیا۔

(k) ڈائریکٹران کے معاوضہ کے لئے کمپنی کی کوئی رسمی پالیسی نہیں ہے، اور نہ ہی اس سال کے دوران ڈائریکٹران کو کوئی معاوضہ دیا گیا۔ کمپنی کے مالی سال کے اختتام پر کمپنی کے مالی تفصیلات اور آڈٹ رپورٹ کی تاریخ تک کوئی بڑی تبدیلی نہیں ہوئی، جو کمپنی کے مالی حالات کو متاثر کرے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ڈیلوٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہل ہونے کے باعث انہوں نے 30 جون 2019 پر اختتام ہونے والے مالی سال کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔

اظہار تشکر

ڈائریکٹران اس موقع پر حصص یافتگان، بینکرز، کریڈیٹرز کے تعاون اور کمپنی کے تمام ملازمین کی انتھک محنت اور جدوجہد کی قدردانی اور حوصلہ افزائی کرتے ہیں۔

انعام الرحمن
چیئر مین ڈائریکٹر

منجانب بورڈ
خالد انعام
چیف ایگزیکٹو

کراچی اکتوبر 2018,01



(f) ڈائریکٹران کی تعداد:

5 مرد

2 خواتین

بورڈ کی ساخت مندرجہ ذیل ہے:

2 آزاد ڈائریکٹران

4 غیر افر اعلیٰ ڈائریکٹران

1 افر اعلیٰ ڈائریکٹران

(g) بورڈ کی کمیٹی مندرجہ ذیل ارکان پر مشتمل ہے:

(ا) آڈٹ کمیٹی

(i) جناب نور محمد (صدر)

(ii) جناب محمد سمیع (رکن)

(iii) جناب فرقان ضیاء (رکن)

ب) حیومن ریسورس اور ریمو نیشن کمیٹی

(i) جناب محمد سمیع (صدر)

(ii) جناب نور محمد (رکن)

(iii) جناب فرقان ضیاء (رکن)



کاروباری نظم و نسق اور مالیاتی رپورٹنگ ضابطوں کا اقرار نامہ

- (a) کمپنی کو مزید خسارے سے بچانے کے لئے، کمپنی کے بورڈ آف ڈائریکٹرز (بورڈ) نے اپنے اجلاس منعقدہ 7 جون 2016 میں فیصلہ کیا کہ فیکٹری کے آپریشنز عارضی طور پر معطل کر دیئے جائیں۔ انتظامیہ کمپنی کو ایک چلتے ہوئے ادارے کی حیثیت سے نہیں دیکھ رہی کیونکہ کمپنی اس قابل نہیں کہ اثاثوں کو وصول شدہ دکھائے اور عموماً طریقے سے اپنی واجبات سے عہد ادا برآں ہو سکے۔ لہذا کمپنی نے اپنی گزشتہ AGM منعقدہ 31-10-2017 میں کمپنی کے اثاثوں کی فروخت کی منظوری دے دی تھی۔ ان معاملات کے حل کے لئے مزید وقت درکار ہوگا لہذا بورڈ آف ڈائریکٹرز آنے والی AGM میں ایک مرتبہ پھر اس قرارداد کی منظوری چاہتے ہیں جس کی وضاحت کمپنیز ایکٹ 2017 میں کی گئی ہے۔
- مندرجہ بالا کو مد نظر رکھتے ہوئے، انتظامیہ کو یقین ہے کہ یہ چلتا ہوا ادارہ نہیں ہے۔ کمپنی نے یہ مالیاتی گوشوارے چلتے ہوئے ادارے کے علاوہ بنائے ہیں۔ لہذا کمپنی کو یقین ہے سوائے جموعی فرسودگی منہا کرنے کے بعد باقی (Carrying Value) اور پراپرٹی، پلانٹ، ایکویپمنٹ، اسپئیر اینڈ لوٹولز، اسٹاک ان ٹریڈ اور قرضوں اور وصولیوں متوقع بازاری قیمت (Realizable Value) کے درمیان فرق ہو سکتا ہے اور اس کے ممکنہ اثرات ہو سکتے ہیں۔
- مالیاتی گوشوارے کمپنی کے متعلقہ معاملات، آپریشنز کے نتائج، کیش کی آمد و رفت اور ایکویٹی میں تبدیلی کو واضح طور پر ظاہر کرتے ہیں۔
 - حسابات کی کتابیں درست انداز میں رکھی گئی ہیں۔
 - درست حساباتی پالیسیوں جن کا تذکرہ نوٹس میں کیا گیا ہے کو تسلسل کے ساتھ ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
 - عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے اور کسی بھی قسم کے انحراف کو مناسب انداز میں منکشف کیا گیا ہے۔
- (b) آڈیٹرز نے کمپنی کے مالیاتی گوشوارہ سے اختلاف رائے کیا ہے کہ پراپرٹی، پلانٹ اینڈ ایکویپمنٹ، اسپئیر اینڈ لوٹولز، اسٹاک ان ٹریڈ، قرضوں اور وصولیوں کی کوئی خاص متوقع بازاری قیمت نہیں ہے اور یہی وجہ ہے کہ ان اثاثوں کی قدر کا تعین کرنے کے لئے آیا کہ کسی قسم کی درستگیوں کی جائیں۔ کمپنی کو پراپرٹی، پلانٹ اینڈ ایکویپمنٹ کی فروخت کے لئے اب تک کسی قسم کی کوئی پیشکش موصول نہیں ہوئی ہے جس سے ان کی بازاری قیمت کا اندازہ نہیں لگایا جاسکا۔
- (c) اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- (d) کمپنی کی گزشتہ چھ سالوں کے کاروباری اور مالیاتی تفصیلات منسلک ہیں۔
- (e) واجب الادا ٹیکسز اور محصولات کو مناسب انداز میں منکشف کیا گیا ہے۔



ڈائریکٹران کی رپورٹ

کمپنی کے ڈائریکٹرز سالانہ رپورٹ کے ساتھ مختتمہ سال 30 جون 2018ء کے آڈٹ شدہ حسابات پیش کرتے ہوئے اظہار مسرت کرتے ہیں مالیاتی نتائج

جائزہ سال کے دوران کمپنی کی مالیاتی نتائج حوصلہ افزا نہیں رہے۔ جائزہ سال کے دوران کوئی پیداوار نہیں ہوئی جیسا کہ گزشتہ سال بھی کوئی پیداوار نہیں ہوئی تھی۔ اس سال کی فروخت 12.727 ملین رہی جبکہ گزشتہ سال 72.117 ملین تھی۔ تمام آپریشنل، انتظامی اور مالیاتی اخراجات کو منہا کرنے کے بعد کمپنی 85.310 ملین کا خسارہ ہوا جو کہ گزشتہ سال 151.84 ملین تھا۔

جیسا کہ آپ جانتے ہیں کہ کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 07-06-2016 کے فیصلے کے مطابق عارضی اقدام کے طور کمپنی کے پیداواری آپریشنز معطل کر دیئے تھے جس کی وجہ (i) ناسازگار منڈی کے حالات (ii) یوٹیلٹی کی بھاری قیمتیں (iii) کپاس کی قلت اور درآمدات کی اونچی قیمتیں (iv) رواں سرمائے کی قلت اور ناسازگار قیمت فروخت کی وجہ سے مالیاتی دھچکے (v) کم قیمت فروخت کے مقابلے میں آپریشنز کے زیادہ اخراجات جس کی وجہ سے جمع شدہ خسارہ میں اضافہ ہوا۔ ان عناصر نے ایکویٹی پر منفی اثرات ڈالے۔ مستقبل کا منظر نامہ

ہمارا ملک مسلسل چھوٹی بار کپاس کی کم پیداوار کا شکار ہوا، جسکی وجہ کپاس کی غیر یقینی قیمتیں کپاس کی کاشت ہونے والے علاقوں پر گنے کی کاشت میں اضافہ، پانی کی قلت، کیڑوں کی آفت، گرمی کی شدت اور معیاری بیج کی فراہمی ہے لہذا کپاس کی پیداوار جو ابتدائی تخمینوں کے مطابق 14.04 ملین گانٹھیں تھیں اب ان کی پیداوار تقریباً 12.500 ملین سے 13.000 ملین گانٹھوں کے برابر متوقع ہے۔

آپریشن کی عارضی معطلی کا مقصد صرف یہ ہے کہ پروجیکٹ کا احیاء کیا جائے جس میں چلنے کی بہترین صلاحیت ہے اگر مذکورہ بالا کوتاہیوں پر قابو پایا جائے۔ نقصان کو کم کرنے کے لئے مزدوروں کی ایک بڑی تعداد کو فارغ کر دیا گیا ہے۔ آپریشن کی معطلی کی وجہ سے کمپنی اس قابل نہیں ہے کہ قرضہ جات ادا کر سکے بشمول سونیری بینک کے جس نے 466,163,869 روپے کی بازیابی کے لئے معزز عدالت عالیہ سندھ کراچی میں ایک مقدمہ نمبر B-23 سال 2017 دائر کیا ہے۔

آمدن فی حصص

جائزہ سال کا آمدن فی حصص (5.92) روپے رہا۔

منافع منقسمہ

خساروں اور مندرجہ بالا وجوہات کی وجہ سے کمپنی نے اس سال کسی منافع منقسمہ کا اعلان نہیں کیا۔



Please quote your Folio No. /
CDC Account / Participant I.D. Number

PROXY FORM

I/We
of (FULL ADDRESS)
being a member/members of N.P. Spinning Mills Limited hereby appoint.....
.....(NAME)
of(FULL ADDRESS).
another member of the Company or failing him/her
..... (NAME)
of (FULL ADDRESS)

another member of the Company as my/our proxy to attend and vote for me/us and on my/our behalf, at the 28th Annual General Meeting of the Company to be held at 7th Floor, Uni Tower, I.I. Chundrigar Road, Karachi, on Tuesday, October 23, 2018 at 9:00 a.m. and at any adjournment thereof.

Signed this day of 2018

Signature on
Five Rupees
Revenue Stamp

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

IMPORTANT:

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her. No person shall act as a proxy who is not a member of the Company except that a corporation may appoint a person who is not a member.
2. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, 703 _ Uni Tower, I. I. Chundrigar Road, Karachi, not less than 48 hours before the time for holding the meeting.

این پی اسپننگ ملز لمیٹڈ مختار نامہ (پراکسی فارم)

_____ میں / ہم
_____ ساکن
_____ بحیثیت رکن (ممبر) این پی اسپننگ ملز لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں / مسماۃ
_____ ساکن
_____ کو یا اُن کی غیر حاضری میں مسماۃ
_____ ساکن

جو خود بھی کمپنی کا رکن ہے کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری / ہماری جگہ کمپنی کے ۲۸ ویں سالانہ اجلاس عام میں جو ۲۳ اکتوبر ۲۰۱۸ء، بروز منگل صبح 9:00 بجے ساتویں فلور، یونی ٹاور، آئی آئی چندریگر روڈ، کراچی میں منعقد ہو رہا ہے میں شرکت کرے اور میری / ہماری طرف سے حق رائے دہی استعمال کرے یا اس کے کسی ملتی شدہ اجلاس میں۔

مؤرخہ _____ اکتوبر ۲۰۱۸ء کو میرے / ہمارے دستخط سے جاری ہوا۔

پانچ روپے والے
رسیدی ٹکٹ پر دستخط

فولیو نمبر	سی ڈی سی کھاتہ نمبر

اہم گزارش:-

- ۱- مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے
- ۲- ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- ۳- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹر انزومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- ۴- مختار نامہ (پراکسی فارم) مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس 703، یونی ٹاور، آئی آئی چندریگر روڈ، کراچی میں اجلاس کے مقررہ وقت سے کم از کم ۳۸ گھنٹے قبل جمع کرنا ضروری ہے۔