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Mission Statement

Our mission is commercial success
With social and environmental responsibility
And to be a responsible corporate citizen
Of the world.

Nina

COMPANY INFORMATION

BOARD OF DIRECTORS

MR. UROOJ SAEED	CHIEF EXECUTIVE
MR. WAQAR A. SATTAR	CHAIRMAN
MR. KASHIF SAEED SATTAR	DIRECTOR
MR. MOHAMMAD AMJAD KHA	DIRECTOR
SYED M. TAUQEER HASHMI	DIRECTOR
MR. HIDAYAT ALI SHAR	DIRECTOR (Nominee of National Bank of Pakistan)
MR. ABU AHMED	DIRECTOR (Nominee of State Life Insurance Corporation)

CHIEF FINANCIAL OFFICER/COMPANY SECRETARY
MR. FAYYAZ KARIM

AUDIT COMMITTEE

MR. UROOJ SAEED	CHAIRMAN
MR. KASHIF SAEED SATTAR	MEMBER
SYED M. TAUQEER HASHMI	MEMBER

AUDITORS
MUNIFF ZIAUDDIN & CO
CHARTERED ACCOUNTANTS

BANKERS
Askari Bank Ltd
Bank Al-Habib Ltd
Bank of Punjab
Habib Bank Ltd
Habib Metropolitan Bank Ltd
MCB Bank Ltd
Silkbank Ltd
Standard Chartered Bank (Pakistan) Ltd

LEGAL ADVISER
Mr. RAJENDER K. CHHABRIA
F-66/3, PARK LANE,
Block-5, Clifton
Karachi-75600
Tel: 021-35873221

REGISTERED OFFICE
Waqar Center, 2nd Floor
Ram Bharti Street, Kohri Garden,
Jodia Bazar, Karach
Tel: 0311-2067670

SHARES OFFICE
F.D. Registrar Services (SMC-Pvt) Ltd
Office # 1705, 17th Floor, Saima Trade Tower-A,
I.I. Chundrigar Road
Karachi-74000
Phone 92-21-32271905-6

Notice of Annual General Meeting

Notice is hereby given that 26th Annual General Meeting of the Shareholders of M/s Nina Industries Limited will be held on Monday, October 30,2023 at 03:30 p.m. at Binoria Restaurant (Hall), Textile Avenue, S.I.T.E., Karachi to transact the following business;

1. To confirm the minutes of 25th Annual General Meeting held on November 15, 2019.
2. To receive, consider and adopt the Audited Accounts of the Company, for the year ended June 30, 2018 together with the Directors' and Auditors' report thereon.
3. To appoint the Auditors for the year 2018-2019,2019-2020,2020-2021,2021-2022 and 2022-2023 and fix their remuneration. The present auditors M/s. Muniff Ziauddin & Co, Chartered Accountants have offered themselves for re-appointment as Auditors of the Company.
4. To elect seven (7) Directors of the Company as fixed by the Board of Directors in its meeting held on September 22, 2023, for a term of three (3) years commencing immediately after the conclusion of this Annual General Meeting. The following directors of the Company shall retire at the end of the meeting.
   - I) Mr. Waqar A. Sattar
   - II) Mr. Urooj Saeed
   - III) Mr. Kashif Saeed Sattar
   - IV) Mr. Muhammad Rafique Hussain
   - V) Mr. Abu Ahmed
   - VI) Mr. Javed Majeed
   - VII) Mr. Muzaffar Rasheed
5. To transact any other business with the permission of the Chair.

By Order of the Board

(M. Fayyaz Karim Malik)

Company Secretary

Karachi;

October 9, 2023

Notes:

1. The Share Transfer Books of the Company will remain closed from 27/10/2023 to 30/10/2023 (both days inclusive) for the purpose of the Annual General Meeting.

2. A member entitled to attend the Annual General Meeting may appoint another member as his/her proxy to attend the meeting instead of him/her. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature shall be submitted along with proxy form to the Company. Proxies in order to be effective must reach at the Registered office of the Company not less than 48 hours before the time of the meeting.

3. Members are requested to notify any change in their addresses immediately.

A. For Attending the Meeting:

i) In case of individuals, the account holder or sub-account holder and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original CNIC or Original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
iii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
v) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

C. Filling of Consent for Election of Directors

As required u/s 159(3) of Companies Act,2017, any member who seeks to contest an election to the office of a director, shall whether he/ she is retiring director or otherwise, file with the Company, not later than fourteen days before the date of meeting at which elections are to be held, a notice of his/her intention to offer himself/herself for election as director along with consent to act as a director in Form-28, duly completed as required under section 167(1) of the Companies Act,2017.

DIRECTOR S' REPORT

The Board of directors of your Company is pleased to present the 26th Annual Report together with the Audited Financial Statements of the Company for the year ended June 30, 2018 and Auditors report thereon.

Financial Results

The summarized financial results are as under:

	2018 Rupees	2017 Rupees
Sales and services – net	332,696,759	382,388,500
Gross Profit/(Loss)	(97,467,077)	(69,990,187)
Operating Profit/(Loss)	(232,551,374)	(98,474,352)
Profit/(Loss) before taxation	(322,292,124)	(98,475,340)
Profit/(Loss) after taxation	(326,450,833)	(102,299,225)
(Loss)/ Earning per share	(13.49)	(4.23)

During the year under review the company registered Sales and services (net) Rs.332.696 million viz Rs. 382.388 million for the corresponding year. Which shows 12.97% decrease in sales whereas gross loss has increased by 219% which could be less, had the conditions for the textile industry particularly home textile segment been conducive for minimizing the gross loss. The export operations of the company remained suspended due to non availability of funds and its production activity limited to processing for third parties in the local market, which were also undergoing through extremely distressed situation in its history. The root cause for its underutilization of the Capacity had been non-availability of working capital facilities, and since 2009 its facilities were blocked by the banks/financial institutions unilaterally and consequently the Company could not procure raw materials efficiently to run its production effectively.

Moreover, the Banks/financial institutions had filed recovery suits being contested by the Company in the High Court of Sindh, the plaintiff praying for decree with attachment and sales of assets mortgaged and first pari passu charged created thereon in favor of the said banks/financial institutions/plaintiffs. Later on, the Company and its specific creditors submitted Scheme of Arrangement in the High of Sindh, envisage for settlement of its short term and long term liabilities of secured creditors, and praying for its approval/sanction by honorable Courts rather than issue a decree in favor of plaintiffs.

The Sindh High Court in its Order dated 25th of October 2021 approved/sanctioned the Scheme of Arrangement dated 31st December,2016, JCM # 49 of 2016, whereby the Charged Assets are required to be sold as per order of the Court and the sale proceeds generated from the said sale to be utilized to settle the outstanding liabilities of the Company towards its secured creditors (more specifically detailed in the Scheme of Arrangement). Incompliance with the Order of Sindh High Court dated 25th of October 2021, the Company and its secured creditors in pursuance of the Order in JCM # 49 of 2016, has settled subsequently.

Auditors Qualification

The Auditors of the Company have expressed adverse opinion on the financial statements of the Company due to the significance of the matters i.e. accumulated loss, overdue financial liabilities, insurance claim receivable, trade debts outstanding,. Slow moving or obsolete spares parts. In this respect, we clarify as under:

Accumulated losses

The Company incurred a loss of Rs. 326.450 million during the year due to low production, decrease in Sales, increase in gas rate couple with low pressure, water charges, and depreciation. The management is of the view that once the export activities are resumed, the Company will turn into profit shortly.

Overdue financial institutions liability

The Financial Statement for the year under review wherein liabilities of financial institutions / banks appearing were taken from the statement of account, credit or debit advices etc, provided by the respective banks and financial institutions. In the suits filed by the banks/financial institutions, the Company disputed such figures in its leave to defend applications. Subsequently, the Scheme of Arrangement dated 31st December 2016 has been sanctioned by the High Court of Sindh, Karachi vide order dated 25th October 2031, passed in JCM of 2016. In pursuance to the Order of Courts all the liabilities of banks or financial institutions has been settled subsequently. The auditors show their reservation only that they have not received the confirmation directly from the Banks to them as per their normal audit procedure.

Insurance claim

Despite the fact the Company's assets were fully insured with the EFU General Insurance Company Limited but the Insurance Company did not settle the claims till to date. The records and documents in respect of fire incident were also sent to a London based Firms for the purpose of forsenice test as per requirement of the insurance company. Consequently, the Company preferred to file a Suit in the Insurance Tribunal for resolving the dispute of Insurance Claim with the EFU. It is very unfortunate that almost twelve years been from the fire incident the claim was not settled and has yet to be adjudicated by the Court/Tribunal.

The Company submitted its application of Research and Development support through its banks wherefrom the exports had been originated, procedurally exporters restricted to approach SBP in this matter and the Company's bankers are reluctant to apprise regarding amount received from SBP by them. Subsequent to the Order of the Court in the matter of JCM # 49 of 2016 aforesaid amounts shall be settled with the banks/financial institutions.

Trade debts / credits outstanding
The Company circulated balance confirmation to its debtors and creditors at their known address, meanwhile, follow ups for its recovery are in the top priority. Whereas the Company is very consciously contemplating for long outstanding creditors/other payables reversal to income within the ambits of limitation Act in order to avoid litigation with them.

Spare parts of plant and machinery
Since these parts are essential to the operation of production in a manufacturing plant so the Company needs to hold these critical spare parts which enabling the production process run effectively and valued at net realized value.

Going concern
Since the factory has been functioning, at the moment only local processing to exporters are being done, the plant and machinery is being maintained to keep it in runny conditions. Due to its wet processing nature, the idle plant and machines will have to scraped forever. The Company is preferred by the Exporters and top domestic brands for processing and printing of their fabrics. The recovery suits filed by the banks / financial institutions as disclosed in the related note. The figures appearing therein are taken by the company from the banks statement of accounts, credit advice etc., provided by banks and financial institutions. In the recovery suits filed by the banks / financial institutions, the Company has disputed such figures in its leave to defend applications. Afterward, the Company had initiated negotiation with its secured creditors for settlement of its liabilities with banks / financial institutions. In this regard a Scheme of Arrangement dated 31st December 2016 with the consent of its secured creditors submitted in the High Court of Sindh Karachi, the Honorable Court has approved vide order dated 25th October 2021, passed in JCM #49 of 2016, whereby, all the litigations against the Company filed by the Banks / Financial Institution has already been withdrawn as per order of the Court.

Future Outlook

Post compliance in pursuant to JCM # 49 of 2016, the nil liabilities of its banks/financial Institutions, the Company contemplating to recommence its operation in accordance with the company's objective expressed in its Memorandum and Articles of Association and hope that after settlement of Insurance Claim with EFU will recommence its business operation and the nature of business will depend on the economic situation of the Country.

Pattern of Shareholding

The Pattern of Shareholding is enclosed to the financial statements.

Auditors

The present auditors M/s. Muniff Ziauddin & Com, Chartered Accountants retire and being eligible, offer themselves for re-appointment under the Companies Act.2017.

Code of Corporate Governance

The directors declare that:

- The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practice of Corporate governance, as detailed in the listing regulations.

Key operating and financial data – Six years

The statement of key operating and financial data for six years is attached.

Meeting of the Board of Directors

During the year four meetings of the Board of Directors were held, the requisite details are as under:

Name of Directors	No. of Meeting Attended
Mr. Waqar A Sattar	02
Mr. Urooj Saeed	02
Mr. Kashif Saeed Sattar	01
Mr. Tauqeer Hashmi	02
Mr. Mohammad Amjad Khan	02

The Directors of your Company offer their sincere gratitude to the valued customers for their continued support. In addition, the Board would like to thank executives, staff and workers for their hard work and dedication.

For and on behalf of the Board

Karachi:
Date: , September 22, 2023

(Urooj Saeed)
Chief Executive

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Nina Industries Limited
For the year ended June 30, 2018

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

1. The total number of directors are 7 as per the following:

   a. Male: 07
   b. Female: 0

2. The Composition of Board is as follows:

Category	**Names**
Executive Directors	Waqar A. Sattar
Non-Executive Directors	Urooj Saeed
	Kashif Saeed Sattar
	Tauqeer Hashmi
	Muhammad Amjad Khan
Independent Director	Atif Saeed Rana
	Hidayat Ali Sher

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, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of Directors has forgo their remuneration due to the financial constrain of the Company however they have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. No Director's Training program were held during the year.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committee comprising of members given below:

Audit Committee

Urooj Saeed	Chairman
Kashif Saeed Sattar	Member
Muhammad Amjad Khan	Member

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee 2 quarterly meetings

15. The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory 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.

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(Waqar A. Sattar)
Chairman

Karachi: 22th September, 2023

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Independent Auditor's Modified Report

To the members of Nina Industries Limited

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

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

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

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

Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

1. Referring to point 14 of the Statement of Compliance; we were not provided with any information in support of the Company's assertion that the meetings of Audit Committee were held in the financial year. The Regulation 28 of the Regulations states that Audit Committee of a listed company shall meet at least once every quarter of the financial year.

2. The Company has not prepared, published and circulated quarterly and half yearly financial information for the periods ended during the year 2018 along with director report as required under Regulation 35 of the Regulations.

Based on our review, except for the above instance of non-compliance, 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 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 note/paragraph reference where these are stated in the Statement of Compliance:

S. No.	Paragraph Reference	Description
1	5	A complete record of particulars of significant policies along with the dates on which they were approved or amended has not been maintained.
2	12	The Company has not complied with the requirement of Regulation 28 of the Regulations which require that there should be at least one independent director in the Audit Committee and the chairman of the audit committee shall be an independent director, who shall not be the chairman of the board.
3	12	The board has not formed and HR and Remuneration Committee due to the present situation of the Company.
4	15	The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived.

KARACHI: 22 SEP 2023

MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
(Sohail Saleem)

KEY OPERATING AND FINANCIAL DATA -SIX YEARS						
	Jun-18	Jun-17	Jun-16	Jun-15	Jun-14	Jun-13
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
PARTICULARS						
SALES & SERVICES -NET	332,696,759	382,388,500	269,911,191	408,392,552	439,195,255	351,955,023
COST OF SALES	430,163,836	452,378,687	398,059,575	506,817,535	561,469,170	489,783,520
GROSS PROFIT	(97,467,077)	(69,990,187)	(128,148,384)	(98,424,983)	(122,273,915)	(137,828,497)
OPERATING EXPENSES						
GENERAL & ADMINISTRATIVE	226,084,297	28,134,273	14,103,004	49,566,314	14,301,188	19,014,465
SELLING & DISTRIBUTION	-	349,892	-	378,605	26,588	64,596
FINANCIAL CHARGES	699,672	988	4,567	11,936	9,852	3,376
OTHER CHARGES	-		-			
OTHER INCOME	(1,958,922)		-	(74,867,427)		(2,901,908)
TOTAL OPERATING EXPENSES	224,825,047	28,485,153	14,107,571	(24,910,572)	14,337,628	16,180,529
(LOSS)/ PROFIT BEFORE TAXATION	(322,292,124)	(98,475,340)	(142,255,955)	(73,514,411)	(136,611,543)	(154,009,026)
PRIOR YEAR						
PROVION FOR TAXATION	(4,158,709)	(3,823,885)	8,511,255	(1,379,003)	(2,170,348)	(825,711)
(LOSS)/ PROFIT AFTER TAXATION	(326,450,833)	(102,299,225)	(133,744,700)	(74,893,414)	(138,781,891)	(154,834,737)
UNAPPROPRIATED PROFIT/ (LOSS) B/F	(2,333,991,350)	(2,293,920,615)	(2,229,159,423)	(2,230,333,880)	(2,175,385,901)	(2,094,859,392)
TRANSFER FROM SURPLUS OF						
REVALUATION OF FIXED ASSETS	55,892,415	61,841,580	68,438,928	76,067,871	83,833,912	74,308,228
ACTUARIAL GAIN ON DEFINED BENEFIT						
OBLIGATION-NET OF TAX	834,215	386,910	544,580	-	-	-
UNAPROPRIATED PROFIT C/F TO B/S	(2,603,715,553)	(2,333,991,350)	(2,293,920,615)	(2,229,159,423)	(2,230,333,880)	(2,175,385,900)

Independent Auditors' Report
To the Members of Nina Industries Limited

Report on the Audit of Financial Statements

Adverse Opinion

We have audited the annexed financial statements of **Nina Industries Limited** (the Company), which comprise the statement of financial position as at **30 June 2018**, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that except for the matters as stated in paragraphs (4,5,9 and 10) as stated in the Basis of Adverse Opinion paragraph below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not give a true and fair view of the financial position of the company as at June 30, 2018, and financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

1. As disclosed in note 1.1 to the financial statements gross loss incurred by the company amounts to Rs.97.467 million (2017: Rs 69.99 million), and loss after tax amounting to Rs.326.450 million (2017: Rs.102.299 million). Furthermore, its accumulated loss stood at Rs. 2.603 billion (2017: Rs.2.333 billion) and resultant negative equity aggregates to Rs.1.745 billion (2017: Rs 1.419 billion) with current liabilities exceeding its current assets by Rs. 2.491 billion (2017: Rs.2.246 billion) as at balance sheet date. The Company continues to incur gross loss consequent to operating below its full capacity level since long, and its operations remained limited to processing and stitching fabric for local customers and indirect exporters. Besides, the Company has made no arrangement to inject further equity. These conditions indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of its business.

2. As disclosed in note 17, 18, 23 and 24 to the financial statements, there are long overdue liabilities against long term loans, lease payments and short term financing, amounting to Rs. 2.154 billion (2017: Rs.2.154 billion). There are recovery suits being contested by the Company in the High Court of Sindh (as mentioned in detail in note 17, 18, 23 and 24) instituted against it by the financial institutions in the year 2009 for recovery of a sum amounting to Rs. 2.885 billion in aggregate, praying for decree with attachment and sale of assets mortgaged / leased with the said financial institutions. The Scheme of Arrangement dated 31st December, 2016 has been sactioned by the Hon'ble High Court of Sindh at Karachi vide order dated 25 October, 2021, passed in JCM petition # 49 of 2016, whereby the Charged Assets are required to be sold and the sale proceeds generated from the said sale are to be utilized to settle the outstanding liabilities of the Company towards its Creditors (creditors as more specifically detailed in the Scheme of Arrangement). These has been settled with banks subsequently as disclosed in note 1.1 of the financial statements.

3. The Company recorded an amount of Rs. 236.441 million in the year 2008 on account of claim receivable from an insurance company against its stock in trade destroyed by fire. The claim is still

pending due to dispute with respect to the amount claimed (refer note 11.2). The Company resorted to file a suit against the insurance company with the Insurance Tribunal in the year 2011. The ultimate outcome of the suit and timing and amount that is likely to be received (if any) cannot presently be ascertained. In addition, there had been no recovery of exports rebates and research and development support balances amounting to Rs. 63.043 million in aggregate (refer note 11). The Company has not made any provision against these unsecured overdue balances. Had the provision been made the loss for the year would have been higher by Rs. 63.043 million and the receivable balance lower by the same amount.

4. As disclosed in note 8, included in Stores and Spares is Plant and machinery spare parts amounting to Rs. 31.087 million. Since plant and machinery is not being utilized at its full capacity owing to the limited sales, there is a very limited consumption of these store items in the last many years. The same is required to be written down to their net realizable value as laid down in the company's accounting policy disclosed in note 4.3. The effect, if any, of the above could not be ascertained as the same is yet to be quantified by the Company. In addition stores amounting to Rs. 73.777 million (refer note 8) the valuation is made on lower of cost and net realisable value, such valuation is done by the company on its own and bases of such is not certain.

5. The stock in trade the valuation is made on lower of cost and net realisable value such valuation is done by the company without involvement of independent valuers and bases of such is not certain.

6. The Company had defaulted by not complying with the requirements applicable on the listed company for preparing and getting reviewed half-yearly interim financial statements, as well as publishing quarterly financial statements for the last few years.

7. As mentioned in note 15.1 to the financial statements the management has not revalued the fixed assets of the Company for a prolonged period of time. The same should be revalued at frequent interval of time to reflect the prevailing market values of the fixed assets.

8. We have not received direct bank confirmation from the banks and financial institution for Long term loan to Rs. 1.100 billion (2017: 1.100 billion), Short term financing to Rs. 1.053 billion (2017: 1.053 billion) and for bank balances of Rs. 0.567 million (2017: 0.582 million) as these were under litigation. Moreover, these have been settled with banks subsequently as disclosed in note 1.1 of the financial statements.

9. We have not received direct confirmations from local trade debtors amounting to Rs. 220.057 million (2017: 237.762 million) and trade creditors amounting to Rs. 214.985 million (2017: 265.871 million) respectively. Furthermore, based on our verification we are of the view that the Company has not provided sufficient provision on trade debtors balances. Furthermore, based on our procedures we are of the view that the long outstanding trade creditors and other payables should be reversed as income.

10. The staff gratuity as mentioned in the note 19 of the financial statements the amount of gratuity is not based on any actuarial report. Further, the management has not carried out gratuity valuation since long time.

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

Key Audit Matters

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

In addition to the matters described in the Basis for Adverse Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report

Key Audit Matters	How our audit addressed the Key Audit Matters
1. Preparation of financial statements under Companies Act, 2017 As referred to in note 2.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In the case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 2.1 to the accompanying financial statements.	We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.
2. Contingencies The Company is subject to material litigations involving different courts pertaining to Long-term loans, Liabilities against asset subject to finance lease, Short term borrowings and other matters, which requires management to make assessment and judgements with respect to likelihood and impact of such litigations. Management have engaged independent legal counsel on these matters. The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgements required to determine the level of certainty on these matters. The details of contingencies along with management's assessment and the related provisions are disclosed in note 25 to the financial statements.	In response to this matter, our audit procedures included: Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances. Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations. We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets. The disclosures of legal exposures and provisions were assessed for completeness and accuracy.

Information other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include in the financial statements and our auditors' report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) The statement of financial position, the statement of profit or loss and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon, except for the effects of the matters as stated in above paragraphs (1) to (10), 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 auditors' report is Sohail Saleem.

Karachi: 22-Sep-2023 Chartered Accountants

Nina Industries Limited
Statement of Financial Position
As at June 30, 2018

	Note	2018	2017
ASSETS	*Note*	——— Rupees ———	
Non current assets			Restated
Property, plant and equipments	6	**887,559,694**	966,355,314
Intangible assets	7	**1,530,525**	1,611,079
Long term deposits		**17,115,838**	17,115,838
		906,206,057	985,082,231
Current assets			
Stores and spares	8	**94,378,617**	126,206,987
Stock in trade	9	**15,807,111**	25,514,578
Trade debts	10	**183,319,799**	398,433,381
Short term advances, loans, deposits and other receivables	11	**360,206,867**	349,786,869
Tax refunds due from government	12	**23,015,770**	47,190,041
Cash and bank balances	13	**1,995,562**	581,674
		678,723,726	947,713,530
TOTAL ASSETS		**1,584,929,783**	1,932,795,761
EQUITY AND LIABILITIES			
Authorised share capital			
25,000,000 ordinary shares of Rs. 10/- each		**250,000,000**	250,000,000
Share capital and reserves			
Issued subscribed and paid up capital	14	**242,000,000**	242,000,000
Revenue reserves			
Unappropiated loss		**(2,603,715,553)**	(2,333,991,350)
Capital reserves			
Surplus on revaluation of property, plant and equipment	15	**616,174,121**	672,066,536
		(1,745,541,432)	(1,419,924,814)
Subordinated loan	16	**150,000,000**	150,000,000
Non current liabilities			
Long term financing - secured	17	**-**	-
Liabilities against assets subject to finance lease	18	**-**	-
Deferred liabilities	19	**9,814,300**	8,124,701
		9,814,300	8,124,701
Current liabilities			
Trade and other payables	20	**278,582,680**	302,256,463
Sponsors' loan - unsecured	21	**2,730,694**	3,330,694
Mark up accrued on loans	22	**731,163,963**	731,163,963
Short term borrowings-secured	23	**1,053,656,213**	1,053,656,213
Overdue long term liabilities	24	**1,100,364,656**	1,100,364,656
Provion for taxation		**4,158,709**	3,823,885
		3,170,656,915	3,194,595,874
Contingencies and commitments	25		
TOTAL EQUITY AND LIABILITIES		**1,584,929,783**	1,932,795,761

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

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Nina Industries Limited
Statement of Profit or Loss
For the year ended June 30, 2018

	Note	2018	2017
		Rupees	
Services - Net	26	**332,696,759**	382,388,500
Cost of services	27	**(430,163,836)**	(452,378,687)
Gross loss		**(97,467,077)**	(69,990,187)
Administrative expenses	28	**(226,084,297)**	(28,134,273)
Selling and distribution expenses	29	**-**	(349,892)
		(226,084,297)	(28,484,165)
		(323,551,374)	(98,474,352)
Other income	30	**1,958,922**	-
Financial costs	31	**(699,672)**	(988)
Loss before taxation		**(322,292,124)**	(98,475,340)
Taxation	32	**(4,158,709)**	(3,823,885)
Loss after taxation		**(326,450,833)**	(102,299,225)
		(Rupees per share)	
Loss per share-Basic and Diluted	33	**(13.49)**	(4.23)

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

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Nina Industries Limited
Statement of Comprehensive Income
For the year ended June 30, 2018

	2018	2017
	Rupees	
		Restated
Loss after taxation	**(326,450,833)**	(102,299,225)
Other comprehensive income		
Items that may be reclassified to statement of profit or loss in subsequent periods	-	-
Items that will not be reclassified to statement of profit or loss in subsequent periods		
- Actuarial gain on defined benefit obligation-net of tax	**834,215**	386,910
Total comprehensive loss for the year	**(325,616,618)**	(101,912,315)

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

CHIEF EXECUTIVE | **CHIEF FINANCIAL OFFICER** | DIRECTOR

Nina Industries Limited

Statement of Changes in Equity

For the year ended June 30, 2018

	Issued, subscribed & paid up capital	Capital reserves Surplus on revaluation of property plant & equipment	Revenue reserves Unappropiated loss	Total
	——— Rupees ———			
Balance as at July 01, 2016	**242,000,000**	**733,908,116**	**(2,293,920,615)**	**(1,318,012,499)**
Total comprehensive loss for the year				
Loss for the year	-	-	(102,299,225)	(102,299,225)
Other comprehensive income	-	-	386,910	386,910
Total comprehensive loss for the year	-	-	**(101,912,315)**	**(101,912,315)**
Transfer from revaluation surplus on Property, plant and equipment incremental depreciation for the year	-	(61,841,580)	61,841,580	-
Balance as at June 30, 2017	**242,000,000**	**672,066,536**	**(2,333,991,350)**	**(1,419,924,814)**
Total comprehensive loss for the year				
Loss for the year	-	-	(326,450,833)	(326,450,833)
Other comprehensive income	-	-	834,215	834,215
Total comprehensive loss for the year	-	-	**(325,616,618)**	**(325,616,618)**
Transfer from revaluation surplus on Property, plant and equipment incremental depreciation for the year	-	(55,892,415)	55,892,415	-
Balance as at June 30, 2018	**242,000,000**	**616,174,121**	**(2,603,715,553)**	**(1,745,541,432)**

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

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Nina Industries Limited
Statement of Cash Flows
For the year ended June 30, 2018

	2018	2017
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(322,292,124)**	(98,475,340)
Adjustments for non-cash charge and other items:		
- Depreciation	**78,795,619**	87,092,652
- Amortization charge on intangible assets	**80,554**	84,794
- Liability written back	**(1,958,922)**	-
- Provision for gratuity	**2,523,814**	2,387,934
- Provision for obsolete stock	**10,486,513**	-
- Provision for short term deposits	**4,887,012**	-
- Provision for doubtful debts	**197,408,047**	-
- Financial charges	**699,672**	988
Net cash used in before working capital changes	**(31,328,737)**	(8,908,972)
Changes in working capital		
- Decrease in stores, spare parts and loose tools	**31,828,370**	18,819,969
- Decrease in stock-in-trade	**9,707,467**	25,713,236
- (Increase) / Decrease in trade debts	**34,593,539**	(30,310,789)
- (Increase) / Decrease in short term advances, loans, deposits and other receivables	**(10,419,998)**	(12,673,314)
- Increase in sale tax receivable	**(4,622,669)**	-
- (Decrease) / Increase in trade and other payables	**(23,673,783)**	11,880,932
	37,412,926	13,430,034
Net cash generated from working capital changes	**6,084,189**	4,521,062
- Financial charges paid	**(699,672)**	(988)
- Taxes paid	**(3,370,629)**	(3,933,425)
Net cash generated from operating activities	**2,013,888**	586,649
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash generated from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
- Sponsors' loan unsecured paid	**(600,000)**	(550,000)
Net cash used in financing activities	**(600,000)**	(550,000)
Net increase in cash and cash equivalents	**1,413,888**	36,649
Cash and cash equivalents at the beginning of the year	**581,674**	545,025
Cash and cash equivalents at the end of the year	**1,995,562**	581,674

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

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Nina Industries Limited
Notes to the financial statements
For the year ended June 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

Nina Industries Limited (the Company) was incorporated in Pakistan as a Private Limited Company on 18th February 1992 and subsequently converted into Public Limited Company on 29th October 1997 under the replealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30,2017) . The registered office of the Company is situated at A-29/A, S.I.T.E., Karachi and the Company is listed on the Pakistan Stock Exchange (Formerly known as Karachi Stock Exchange Limited). The Company operates a textile processing unit and currently performs processing for local customers only carried out by contractor in accordance with the terms of agreement.

Geographical location and addresses of major business units including mills / plants of the Company are as under:

KARACHI	**PURPOSE**
A-29/A, S.I.T.E , Karachi	The registered office with manufacturing facilities

1.1 GOING CONCERN ASSUMPTION

These financial statement reflects the gross loss incurred by the company amounts to Rs.97.467 million (2017: Rs 69.99 million), and loss after tax amounting to Rs.326.450 million (2017: Rs.102.299 million). Furthermore, its accumulated loss stood at Rs. 2.603 billion (2017: Rs.2.333 billion) and resultant negative equity aggregates to Rs.1.745 billion (2017: Rs 1.419. billion) with current liabilities exceeding its current assets by Rs. 2.491 billion (2017: Rs.2.246 billion) as at reporting date.

The Company has continued its operations limited to processing of fabric for local customers only upto June 2019. There has been a substantial decline in services revenue due to slow down in orders. The other dispute between the company and insurance company against its claim of Rs. 236.441 million (note 11.2) for loss from fire continues to be pending before the insurance tribunal since 2011.

Under the circumstances, installments due against company's long term loans, lease payments and the entire amount of short term financing (Refer note 17, 18, 23 & 24 respectively) in aggregate amounting to Rs. 2.154 billion (2017: 2.154 billion) continue to be overdue. The Company had contested since the year 2009 various suits collectively filed by all the financial institution as syndicate as well as in individual capacity for the recovery of Rs. 2.885 billion in the High Court of Sindh with prayer for grant of a decree with attachment and sale of mortgage assets i.e. land, building and plant, machinery and equipments and hypothecated assets and of leased machinery, equipment, assets etc of the Company. The Scheme of Arrangement dated 31st December, 2016 has been sactioned by the Hon'ble High Court of Sindh at Karachi vide order dated 25 October, 2021, passed in JCM petition # 49 of 2016, whereby the Charged Assets are required to be sold and the sale proceeds generated from the said sale are to be utilized to settle the outstanding liabilities of the Company towards its Creditors (creditors as more specifically detailed in the Scheme of Arrangement).

The Company vide an agreement to sale dated 25 November, 2021 had agreed to sell the Charged Assets to the Purchaser for a purchases price of Rs. 600 Million, the sale of the said property is with an intention to raise funds to satisfy the claims of the Creditors on pro-rata basis.

These material uncertainties as disclosed above may cast significant doubt on the entity's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The company has however used going concern assumption in preparation of these financial statements in view of the subsequent development disclosed above and its expectation to address the uncertainties with intention to recommence export operations in due course as soon as settlement agreement is reached.

1.2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

(i) Due to the applicability of the Companies Act, 2017, certain disclosures of the financial statements are prepared in accordance with new enactments and the Fourth Schedule.

(ii) For a detailed discussion about the Company's performance please refer to the Directors' report.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except certain property, plant and equipment carried at revalued amounts and employee retirement benefits carried at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company.

3 NEW AND REVISED STANDARDS AND INTERPRETATIONS

3.1 New and amended standards and interpretation to published approved accounting standards that are effective in the current year

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 6 and 7), change in threshold for identification of executives (refer note 34), additional disclosure requirements for related parties (refer note 35) etc. The other amendments to published standards and interpretations that were mandatory for the Company’s financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Company’s financial reporting and therefore not disclosed in these financial statements.

3.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company’s annual accounting periods beginning on or after July 1, 2018. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further during the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 ‘Financial Instruments’, IFRS 15 ‘Revenue from Customers’ and IFRS 16 ‘Leases’. IFRS 9 and
IFRS 15 are applicable for the Company’s financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Company’s future financial statements are being assessed. Further, IFRS 17 ‘Insurance contracts’ is yet to be adopted by the SECP.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

Owned

These are stated at revalued amount less subsequent accumulated depreciation and subsequent accumulated impairment losses (if any), except for furniture & fixture which are stated at cost less accumulated depreciation and impairment loss (if any). All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specified assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate assets, as appropriate, only when it is probable that future benefits associated with the items will flow to the Company and the cost of the item can be measured reliably.

Assets carrying amount is written down immediately to its recoverable amount if the carrying amount of an asset exceeds its recoverable amount.

Depreciation is charged to income statement using reducing balance method, to write off the revalued amount of an asset over its estimated useful life, in accordance with the rates specified in the note 4 to these financial statements and after taking into account residual value, if any.

Depreciation on additions is charged from the day on which the assets become available for use while on disposals depreciation is charged upto preceding day on which disposal takes place.

The assets' residual value, useful lives and carrying amount are reviewed at each financial year end. Any changes are adjusted accordingly. The company's estimate of residual value of plant and machinery, electrical equipments and installations as at June 30, 2017 did not require any adjustment as its impact is considered insignificant.

Repairs and maintenance are charged to income statement as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains/losses on disposal of property, plant and equipment are charged to the profit and loss account.

Leased

Assets subject to finance lease are accounted for by recording the assets and corresponding liability. These are stated at lower of the present value of minimum lease payments under the lease agreements and fair value of the assets acquired under lease. Depreciation is charged on the same basis as that for the owned assets.

Financial charges under the lease agreements is allocated over the periods during the lease term, so as to produce a constant periodic rate of financial charge on the outstanding balance of principal liability of each period.

Capital work in progress

Capital work-in-progress is stated at cost. It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use.

4.2 Impairments of assets

The carrying amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such asset is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use and impairment loss is recognized whenever the carrying amount of the asset or its cash generating unit exceed its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account.

4.3 Stores and spares

These are valued as under:

In hand - At lower of weighted average cost or NRV.

In transit - Invoice price and related expenses incurred upto the balance sheet date

Provisions for obsolete and slow moving stock are duly made as when required. Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

4.4 Stock in trade

Stocks are valued at the lower of cost and net realizable value except for stock in transit which is valued at invoice price and related expenses incurred upto the balance sheet date. Cost includes applicable purchase cost and manufacturing expenses.

Cost is determined as follows:

Raw materials	at weighted average cost.
Work in process	at weighted average cost of purchases and proportionate manufacturing expenses
Finished goods	at weighted average cost of purchases and applicable manufacturing expenses or NRV

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

4.5 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables which is determined based on management review of outstanding amounts and previous repayment pattern. Balances considered irrecoverable are written off as and when identified.

4.6 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expire or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. Financial instruments carried on the balance sheet include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits, long term and short term borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.7 Offsetting of financial assets and financial liabilities

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

4.8 Trade and other payables

Trade and other payable are carried at cost, which is fair value of the consideration to be paid for goods and services.

4.9 Cash and cash equivalents

Cash in hands and at banks, highly liquid short term investments and deposits and short term running finance, if any are carried at cost. Cash and cash equivalents comprises of cash in hand, balances with banks, short term investments and short term finance and they form an integral part of company's cash management and are included as a component of cash equivalents for the purpose of statement of cash flows.

4.10 Borrowing Costs

Borrowing cost are recognized in profit and loss account in the period in which these are incurred except that borrowing cost that are directly attributable to acquisition, construction or production of qualifying asset are capitalized during the period of time it is completed and prepared for its intended use.

4.11 Dividend distribution

Dividend distribution to the company's share holders is recognized as a liability in the period in which dividend is declared/approved.

4.12 Foreign currency transactions

Transactions in the foreign currencies are translated into rupees at exchange rate prevailing on the date of the transaction. All monetary assets and liabilities in foreign currencies are translated to exchange rate prevailing at the balance sheet date. Exchange gains and losses are taken to profit and loss.

4.13 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

4.14 Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

4.15 Revenue recognition

Revenue in recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. Revenue is recognized as follows:

Revenue from sale of good is recognized when goods are invoiced to the customer.

Processing income is recognized when services are rendered and billed.

4.16 Employee benefits

Defined Benefit Plan

Gratuity

The Company operates an unfunded approved defined gratuity scheme for all for its permanent/contractual employees who attain the minimum qualification period for entitlement to gratuity. Actuarial valuation is conducted periodically using "Projected Unit Credit Method" and the latest actuarial valuation carried out on June 30, 2016. Detail of valuation is given in note no. 17.1

4.17 Deferred Cost

These represent share floatation expenses, right issue, cost of designs and patterns and cost of export quota which are amortized over the period of five years commencing from the year in which these are incurred.

4.18 Taxation

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

Current Tax

Current tax is the amount of tax payable on taxable income for the year, using tax rate enacted or subsequently enacted by the reporting date, and any adjustment to the tax payable in respect of previous year. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any or 1% of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as asset.

Deferred Tax

Deferred tax is accounted for using the balance sheet liability method providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for tax purposes. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting or the taxable profits.

4.19 Foreign currencies translations

Translations in foreign currencies into reporting currency is made at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year-end spot foreign exchange rates. Non-monetary assets are translated using exchange rates that exist when the values are determined. Exchange differences on foreign currency translations are included in income currently.

4.20 Transactions with Related Parties

Transactions with related parties are carried out on commercial terms and conditions.

4.21 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. The financial statements are presented in Pakistani Rupees, which is the company's functional currency.

5 CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimate and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates is revised and in any future periods affected.

In the process of applying the company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

a) Property, plant and equipment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of tangible fixed assets with a corresponding affect on the depreciation charge and impairment.

b) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 17.1 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might effect unrecognized gains and losses in those years. The actuarial valuation involves making assumptions about discount rate, future salary increases, mortality rates, withdrawal rates and normal retirement age.

c) Taxation

In making the estimates for income taxes payable by the Company, the management considers applicable tax laws and the decisions of appellate authorities on certain cases issued in past. 'Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

d) Stock-in-trade

The Company reviews the Net Realizable Value (NRV) of stock-in-trade to assess any diminution in respective carrying value.

6. PROPERTY PLANT AND EQUIPMENT

	Lease hold Land	Factory building	Plant and machinery		Installation	Furniture & Fixture	Office Equipment and Others	Vehicles	Computers	Total
			Owned	Leased						
	---------- Rupees ----------									
As at July 01, 2016										
Cost / Revalued amount	99,500,000	301,555,609	2,176,482,039	129,600,000	44,881,949	17,910,622	100,757,591	3,903,362	13,102,229	2,887,693,401
Accumulated depreciation	-	(135,129,291)	(1,462,933,604)	(100,612,373)	(33,354,199)	(14,998,325)	(73,606,412)	(3,711,652)	(9,899,579)	(1,834,245,435)
Net book value	99,500,000	166,426,318	713,548,435	28,987,627	11,527,750	2,912,297	27,151,179	191,710	3,202,650	1,053,447,966
Additions during the year	-	-	-	-	-	-	-	-	-	-
Revaluation Surplus/ (Impairment)	-	-	-	-	-	-	-	-	-	-
Disposals / transfers										
Cost	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	(8,321,316)	(71,354,844)	(2,898,763)	(1,152,775)	(291,230)	(2,715,118)	(38,342)	(320,265)	(87,092,653)
Closing net book value	**99,500,000**	**158,105,002**	**642,193,591**	**26,088,864**	**10,374,975**	**2,621,067**	**24,436,061**	**153,368**	**2,882,385**	**966,355,314**
As at June 30, 2017										
Cost / Revalued amount	99,500,000	301,555,609	2,176,482,039	129,600,000	44,881,949	17,910,622	100,757,591	3,903,362	13,102,229	2,887,693,401
Accumulated depreciation	-	(143,450,607)	(1,534,288,448)	(103,511,136)	(34,506,974)	(15,289,555)	(76,321,530)	(3,749,994)	(10,219,844)	(1,921,338,088)
Net book value	**99,500,000**	**158,105,002**	**642,193,591**	**26,088,864**	**10,374,975**	**2,621,067**	**24,436,061**	**153,368**	**2,882,385**	**966,355,314**
Year ended June 30, 2018										
Opening Net Book Value	99,500,000	158,105,002	642,193,591	26,088,864	10,374,975	2,621,067	24,436,061	153,368	2,882,385	966,355,314
Additions during the year	-	-	-	-	-	-	-	-	-	-
Revaluation Surplus/ (Impairment)	-	-	-	-	-	-	-	-	-	-
Disposals / transfers										
Cost	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	(7,905,250)	(64,219,359)	(2,608,886)	(1,037,498)	(262,107)	(2,443,606)	(30,674)	(288,239)	(78,795,619)
Closing net book value	**99,500,000**	**150,199,752**	**577,974,232**	**23,479,978**	**9,337,477**	**2,358,960**	**21,992,455**	**122,694**	**2,594,146**	**887,559,694**
As at June 30, 2018										
Cost / Revalued amount	99,500,000	301,555,609	2,176,482,039	129,600,000	44,881,949	17,910,622	100,757,591	3,903,362	13,102,229	2,887,693,401
Accumulated depreciation	-	(151,355,857)	(1,598,507,807)	(106,120,022)	(35,544,472)	(15,551,662)	(78,765,136)	(3,780,668)	(10,508,083)	(2,000,133,707)
Net book value	**99,500,000**	**150,199,752**	**577,974,232**	**23,479,978**	**9,337,477**	**2,358,960**	**21,992,455**	**122,694**	**2,594,146**	**887,559,694**
Annual rates of depreciation	0%	5%	10%	10%	10%	10%	10%	20%	10%	

		Note	2018	2017
			Rupees	

6.1 Particulars of immovable property (i.e freehold land and leased hold lands) of the Company are as follows:

S.NO	Location	Total area
-1	A-29/A, S.I.T.E , Karachi	2.7 acre

6.2 Depreciation for the year has been allocated as under :

	2018	2017
Cost of sales	**75,643,794**	83,608,947
Administrative expenses	**3,151,825**	3,483,706
	78,795,619	87,092,653

6.3 Had there been no revaluation, the written down value of revalued assets would have been as following:

	2018	2017
Lease hold Land	**31,626,260**	31,626,260
Factory building	**57,475,396**	60,500,417
Plant & machinery	**177,985,308**	197,312,215
Installations	**3,255,897**	3,617,663
Computers	**963,045**	1,070,050
Vehicles	**149,640**	187,050
	271,455,546	294,313,655

7. INTANGIBLE ASSETS

	Note	2018	2017
Opening balances			
Cost		**2,707,860**	2,707,860
Accumulated amortization		**(1,096,781)**	(1,011,987)
Net book value		**1,611,079**	1,695,873
Amortization charge for the year	*7.1*	**(80,554)**	(84,794)
Closing net book value		**1,530,525**	1,611,079
Closing Balance			
Cost		**2,707,860**	2,707,860
Accumulated amortization		**(1,177,335)**	(1,096,781)
Net book value		**1,530,525**	1,611,079
Annual rate of amortization		**5%**	5%

7.1 Amortization for the year has been allocated to administrative expenses

8. STORES AND SPARES

	Note	2018	2017
Stores		**73,777,678**	74,652,741
Spares	*8.1*	**31,087,452**	51,554,246
		104,865,130	126,206,987
less: Provision for obselete stock		**(10,486,513)**	-
		94,378,617	126,206,987

8.1 This amount include Rs.25.522 million (2017: Rs.43.852 million) pertaining to value of process screens held at balance sheet date.

	Note	2018	2017
		Rupees	

9. STOCK IN TRADE

	2018	2017
Dyes and chemicals	**15,673,960**	22,475,674
Packing material	**133,151**	3,038,904
	15,807,111	25,514,578

10. TRADE DEBTS

	Note	2018	2017
Export debts - unsecured		**173,883,123**	173,883,123
Local debts - unsecured	10.1	**220,057,306**	237,762,841

		393,940,429	411,645,964
Considered good		**220,057,306**	411,645,964
Considered doubtful		**173,883,123**	-
		393,940,429	411,645,964
Provision for doubtful debts	10.2	**(210,620,630)**	(13,212,583)
		183,319,799	398,433,381

The aggregate maximum amount of the receivable due from Hudson International (Private) Limited at the end of any month during the year was Rs. 15,013,513 (2017: Rs.13,902,806)

10.1 The aging of related party at the reporting date is as follows:

Not past due	-	-
Past due 0-30 days	**1,501,351**	1,390,281
Past due 30-120 days	**6,005,405**	5,561,122
More than 120 days	**7,506,757**	6,951,403
	15,013,513	13,902,806

10.2 Movement in provision for doubtful debts - local debts

Balance at beginning of the year	**13,212,583**	-
(Write off) / Charge for the year	**197,408,047**	13,212,583
Balance at end of the year	**210,620,630**	13,212,583

11. SHORT TERM LOANS, ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Advance against expenses-considered good		**1,628,959**	4,799,002
Loan to employees-considered good		**207,467**	115,636
Short term deposits	*11.1*	**3,663,170**	8,550,182
Export rebates		**45,423,828**	45,423,828
Research and development support		**17,619,299**	17,619,299
Other receivables	*11.2*	**291,664,144**	273,278,922
		360,206,867	349,786,869

11.1

Short term deposits		**8,550,182**	8,550,182
less: Provision for short term deposits	*11.1.1*	- **4,887,012**	-
		3,663,170	8,550,182

11.1.1 Movement in provision for short term deposits

Balance at beginning of the year	-	-
(Write off) / Charge for the year	**4,887,012**	-
Balance at end of the year	**4,887,012**	-

11.2 This includes insurance claim receivables amounting to Rs. 236.441 million against stock and other assets destroyed by fire in factory in January 2008.

	Note	2018	2017
		Rupees	
12. TAX REFUNDS DUE FROM GOVERNMENT			
Income Tax		**16,469,372**	16,425,711
Sales Tax		**35,387,000**	30,764,330
less: provision for sale tax		**(28,840,602)**	-
		6,546,398	30,764,330
		23,015,770	47,190,041

13. CASH AND BANK BALANCES

Balance with banks - current	**1,995,416**	581,327
Cash in hand	**146**	347
	1,995,562	581,674

14. ISSUED SUBSCRIBED AND PAID UP CAPITAL

24,200,000 ordinary shares (2017: 24,200,000) of Rs.10/- each fully paid in cash	**242,000,000**	242,000,000

Shares held by the related parties of the Company

Categary of the shareholders	2018 Number of shares	2018 Percentage holding	2017 Number of shares	2017 Percentag e holding
Associated Companies				
Bela Textiles	**3,995,750**	**16.51%**	3,995,750	16.51%
Directors, CEO, & their spouse				
Mr. Waqar Abdul Sattar	**5,918,950**	**24.46%**	5,918,950	24.46%
Mr. Urooj Saeed	**3,205,890**	**13.25%**	3,205,890	13.25%
Mr. Yasir Waqar	**493,350**	**2.04%**	493,350	2.04%
Mr. Kashif Saeed Abdul Sattar	**3,165,160**	**13.08%**	3,165,160	13.08%
Mrs. Saeeda Saeed	**18,150**	**0.08%**	18,150	0.08%
Public Sector Companies and Corporation				
National Bank of Pakistan	**4,947,500**	**20.44%**	4,947,500	20.44%
State Life Insurance Limited	**2,000,000**	**8.26%**	2,000,000	8.26%
E.F.U. General Insurance Limited	**96,500**	**0.40%**	96,500	0.40%
Individuals				
Holding more than 10%	-	-	-	-
Holding less than 10%	**358,750**	**1.48%**	358,750	1.48%
	24,200,000	**100.00%**	24,200,000	100.00%

		Note	2018 Rupees	2017 Rupees
15.	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**			
	Surplus on revaluation of fixed assets as on July 01		**672,066,536**	733,908,116
	Transfer to unappropriated profit in respect of incremental depreciation charged during the year		**(55,892,415)**	(61,841,580)
	Transfer due to disposal of property, plant and equipment		-	-
	Related deferred tax of incremental depreciation for the year		-	-
	Surplus on revaluation of fixed assets (gross) as at June 30		**616,174,121**	672,066,536

15.1 The financial institutions obtained independent revaluation report of the company's property and assets by Joseph Lobo Associates. According to the revaluation report dated November 30, 2012 the total value of the said property and assets was assessed to be equal to Rs. 1.397 billion; resulting in an increase of Rs 434.013 million in the value of the said property.

		Note	2018	2017
16.	**SUBORDINATED LOAN - DIRECTORS**		**150,000,000**	150,000,000

16.1 These represent interest free loan from directors. These are payable at the discretion of the Company.

		Note	2018	2017
17.	**LONG TERM FINANCING - SECURED**			
	Principal outstanding			
	Syndicated loan (Loan - I)	*17.1*	**811,925,551**	811,925,551
	Loan - II	*17.2*	**41,111,104**	41,111,104
	Loan - III	*17.3*	**27,581,538**	27,581,538
			880,618,193	880,618,193
	Frozen markup outstanding			
	Syndicated loan (Loan - I)	*17.4*	**120,164,383**	120,164,383
	Loan - II	*17.5*	**2,717,808**	2,717,808
	Loan - III	*17.6*	**2,874,515**	2,874,515
			125,756,706	125,756,706

	1,006,374,899	1,006,374,899
Installments over due	**(1,006,374,899)**	(1,006,374,899)
Current portion	-	-
	-	-

17.1 Syndicated loan (Loan - I)

This represents the liability as it stood after it was restructured by the financial institution on December 29, 2006 as per agreement reached between the Company and the banks named below:

Habib Bank Limited	**328,692,562**	328,692,562
Askari Commercial Bank Limited	**185,856,357**	185,856,357
Silk Bank Limited	**155,833,368**	155,833,368
Saudi Pak Industrial and Agriculture Investment Company Limited	**62,155,578**	62,155,578
Standard Chartered Bank Limited	**40,803,000**	40,803,000
NIB Bank Limited	**38,584,686**	38,584,686
	811,925,551	811,925,551

The loan was repayable in twenty eight quarterly installments starting from February 15, 2008 with final repayment by November 15, 2014. The loan carried markup at 3 months KIBOR with spread of 1.5% p.a.

The loan was secured by way of;

- First pari passu charge by way of hypothecation over the hypothecated assets for creating a charge amounting Rs. 1.083 billion in favour of Syndicate in terms of Joint letter of hypothecation.
- Creating mortgage charge amounting Rs. 1.083 billion by deposit of title deed in respect of mortgage property (land, Building and plant and machinery) in terms of joint memorandum confirming deposit of title deeds in favour of syndicate.
- Personal guarantees of the director

On April 08, 2009 all the financial institutions named in the above note of the syndicate led by HBL filed a suit in the High Court of Sindh for the recovery of Rs. 1.098 billion comprising of principal amount of Rs. 811.925 million, Frozen mark up of Rs. 120.338 million (refer 17.4) and accrued mark up due as at February 28, 2009 of Rs. 165.769 million. The Company then filed an application for grant of leave to defend in the High court which was granted and accordingly Commissioner was appointed to record evidence in the suit. Further, evidence of the banks has been recorded while company's witness is under cross examination by Counsel for the banks. (refer note 17.7)

	Note	2018	2017
		Rupees	
17.2 Principal outstanding - Loan II			
The loan was arranged from following banks :			
Orix Investment Bank Limited		**20,555,552**	20,555,552
Atlas Investment Bank Limited		**20,555,552**	20,555,552
		41,111,104	41,111,104

The loan was repayable in sixteen quarterly installments starting from June 05, 2007 with final repayment by March 05, 2011. The loan carried markup at 3 months KIBOR with spread of 2.75% p.a.

The loan was secured by way of :

- Creating first pari passu equitable mortgage on its immoveable property.
- Creating first pari passu charge by way of hypothecation over all of its present and future fixed and current assets.

The loan-II represents the liability determined in accordance with second rescheduling agreement reached between the Company and aforementioned Banks on dated March 06, 2006. As per said agreement the Company was required to settle the above liability in accordance with terms stated in respective schedule.

During the year ended 2007-2008 Company defaulted in making payment of installment amount in accordance with terms stated in the aforesaid agreement and consequently Orix Investment Bank Ltd and Atlas Investment Bank Ltd filed a suit on May 26, 2009 in the High court of Sindh for the recovery of Rs. 52.909 million in respect of finance extended by the said banks to the Company and prayed for decree with attachment and sale of mortgage assets i.e. land, building and hypothecated plant, machinery and equipments mentioned above in security section. The Company filed an application in the High Court and admitted its liability towards banks amounting to Rs. 38.510 million instead of Rs. 52.909 million and prayed to grant unconditional leave to defend in respect of disputed amount i.e. Rs. 14.399 million on account of Company's point of view that this additional claim for recovery is mark upon mark up which is unlawful. Consequent thereto High Court of Sindh through its order granted interim decree to the extent of Rs. 38.510 million and unconditional leave to defend in respect of undisputed and disputed amount respectively. The decree holder (banks) has filed the aforesaid Execution for the recovery of Rs. 38.510 million for attachment and sale of Hypothecation Assets, future and fixed assets of the company including building, plant, machinery and equipment with all immovable properties of the company and the said execution proceeding for adjudication are continuing. (refer note 17.7)

17.3 Principal outstanding - Loan - III

The loan III represents the liability determined in accordance with rescheduling agreement reached between the Company and Pak Libya Holding company (Private) Limited on dated March 05 2007. The loan was repayable in sixteen quarterly installments starting from May 31, 2007 with final repayment by February 28, 2011. The loan carry's markup at 3 months KIBOR with spread of 2.75% p.a.

The loan was secured by way of :

- First pari passu charge by way of hypothecation over the hypothecated assets for creating a charge amounting to Rs. 41.437 million- in favour of Pak Libya in terms of Joint letter of hypothecation.

- Creating mortgage charge amounting to Rs. 41.437 million by deposit of title deed in respect of mortgage property (land, Building and plant and machinery) in terms of joint memorandum confirming deposit of title deeds in favour of Pak Libya Holding Company (Private) Limited..

- Personal guarantees of the director.

As per above said agreement company was required to settle the principle and frozen mark up in accordance with terms stated in respective schedule. Along with rescheduling of above liability the lender simultaneously obtained the decree from the court to execute the security worth Rs. 82.872 million and in the terms of above rescheduling it was agreed by the company that in case of default by the company the lender can execute the decree for the realization of its debts.

During the year ended 2007-2008 company committed default in making payment of installment amount in accordance with terms stated in the aforesaid agreement. Pak Libya has filed an execution application in the Banking Court for the recovery of finance extended amounting to Rs 33.826 million (including Frozen mark up amounting to Rs 2.875 million) which was granted by the Court. However compromise decree issued can not be executed as other financial institutions stated in 17.1 also have joint pari passu charge on aforesaid mortgage property and these claimant also filed the application with the High Court in the year 2009. The same is pending and the ultimate outcome is subject to determination by the court. (refer note 17.7)

17.4 Frozen markup outstanding - Syndicated loan (Loan - I)

This represents the mark up owed to syndicate banks stated in 17.1 which was due as on February 28, 2006. The markup has been outstanding from following financial institutions :

	Note	2018	2017
		Rupees	
Habib Bank Limited		**58,710,000**	58,710,000
Askari Commercial Bank Limited		**14,274,963**	14,274,963
Silk Bank Limited		**17,046,000**	17,046,000
Saudi Pak Industrial and Agriculture Investment Company Limited		**13,923,000**	13,923,000
Standard Chartered Bank Limited		**12,405,000**	12,405,000
NIB Bank Limited		**1,712,602**	1,712,602
The Bank of Punjab Limited		**2,092,818**	2,092,818
		120,164,383	120,164,383

The markup was repayable in sixteen quarterly installments starting from February 15, 2008 with final repayment by November 15, 2011.

The said mark up was frozen by reaching another syndicate agreement on dated December 29, 2006 between the

Company and Banks and required to be paid as per above stated terms.

This liability was secured by way of same securities as provided 17.1 above.

		Note	2018	2017
			Rupees	
17.5	**Frozen markup outstanding - Loan - II**			
	The markup has been outstanding from following banks :			
	Orix Investment Bank Limited		**1,358,904**	1,358,904
	Atlas Investment Bank Limited		**1,358,904**	1,358,904
			2,717,808	2,717,808

The markup was repayable in sixteen quarterly installments starting from June 05, 2007 with final repayment by March 05, 2011.

17.6 Frozen markup outstanding - Loan - III

The markup amounting to Rs 2.875 million is outstanding and it was repayable in sixteen quarterly installments starting from May 31, 2008 with final repayment by February 28, 2012.

17.7 Regarding to the above loans (loan I, loan II and loan III)The honourable High Court of Sindh at Karachi vide order dated 25 October, 2021, passed in JCM petition # 49 of 2016, whereby the Charged Assets are required to be sold and the sale proceeds generated from the said sale are to be utilized to settle the outstanding liabilities of the Company for details refer note 1.1

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2018	2017
Amount Payable	**93,989,757**	93,989,757
Over due principal portion	**(93,989,757)**	(93,989,757)
	-	-

18.1 This represents finance lease liability determined in accordance with rescheduling agreement entered into with First Habib Bank Modaraba (FHBM) and Saudi Pak Industrial and Agriculture Investment Company (SAPICO) for lease of plant & machinery on dated. February 08, 2006 and December 26, 2006 respectively. Mark up rate for modaraba lease is 3 months Kibor + 1.5% where as SAPICO financing was subjected to 3 months Kibor + 2.75%.

18.2 This includes mark up amounting to Rs. 4.449 million owed to FHBM which was due as on February 08, 2006 The said mark up was frozen in terms of the above mentioned rescheduling agreement.

18.3 The FHBM and SAPICO proceeded with filing of a suit for the recovery of Rs. 90.380 million and Rs. 39.708 million during the year in the High Court of Sindh and Banking Court respectively and prayed for decree with attachment, possession and sale of all leased and Mortgage property, machinery, equipment, assets etc.

In response to suit filed by FHBM, the outcome of the company's application for grant of leave to defend is presently pending subject to final determination by the court which is pending.

In response to suit filed by SAPICO, the leave-to-defend application was granted by the court.

18.4 The honourable High Court of Sindh at Karachi vide order dated 25 October, 2021, passed in JCM petition # 49 of 2016, whereby the Charged Assets are required to be sold and the sale proceeds generated from the said sale are to be utilized to settle the outstanding liabilities of the Company for details refer note 1.1

		Note	2018	2017
19.	**DEFERRED LIABILITIES**		Rupees	
	Staff gratuity	*19.1*	**9,814,300**	8,124,701
			9,814,300	8,124,701

19.1 Staff gratuity

Contributions to the fund are made based on company's intention . There is no actuarial valuation was carried out since long time .

	2018	2017
	Percent	
19.1.1 Principal assumptions		
Discount rate	**8.5% per annum**	7.25% per annum
Expected rate of eligible salary increase in future years	**7.25% per annum**	7.25% per annum

	Note	2018	2017
19.1.2 Reconciliation of the liability recognized in the balance sheet		Rupees	
Present value of defined benefit obligations		**9,814,300**	8,124,701
Total balance sheet liability		**9,814,300**	8,124,701
19.1.3 Changes in defined benefit liability are as follows:			
Opening defined benefit obligation		**8,124,701**	6,123,677
Current service cost		**1,833,214**	1,851,066
Interest cost		**690,600**	536,868
Contributions paid		-	-
Benefit paid directly by the company		-	-
Other comprehensive income		**(834,215)**	(386,910)
Closing defined benefit obligation		**9,814,300**	8,124,701
19.1.4 Charge to profit and loss account			
Current service cost		**1,833,214**	1,851,066
Interest cost		**690,600**	536,868
Total amount chargeable to P&L account		**2,523,814**	2,387,934
19.1.5 Remeasurement chargeable in other comprehensive income			
Actuarial (gain)/ loss recognized in other comprehensive income		**(834,215)**	(386,910)
19.1.6 Charge for the year has been allocated as under:			
Cost of sales		**2,271,433**	2,149,140
Administrative expenses		**252,381**	238,794
		2,523,814	2,387,934

19.1.7 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2018	2017
Current liability	**9,814,300**	8,124,701
Discount Rate + 100 bps	**8,980,085**	7,535,660
Discount Rate - 100 bps	**10,648,516**	8,713,742
Salary Increase + 100 bps	**10,525,837**	8,713,742
Salary Increase -100 bps	**9,102,763**	7,535,660

19.1.8 Comparisons for past years:

As at June 30	2018	2017	2016	2015	2014
		----------Rupees----------			
Present value of defined benefit obligation	9,814,300	8,124,701	6,123,677	4,615,483	-
Experience adjustment					
Acturial loss/ (gain) on obligation	(834,215)	(386,910)	(544,580)	(322,788)	-

19.2 Deferred tax asset as at balance sheet date amounted to Rs. 215,983 million . On prudent basis, Company has not recognised deferred tax asset as it is not probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

		Note	2018	2017
			—— Rupees ——	
20.	**TRADE AND OTHER PAYABLES**			
	Creditors	20.1	**214,985,806**	265,871,626
	Accrued liabilities		**56,609,817**	27,472,699
	Other liabilities		**6,987,057**	8,912,138
			278,582,680	302,256,463

20.1 This includes amount of Rs. 28.145 million payable to the labour contractor Talwani & Sons. The Company has contracted out the processes of procuring material and book orders on behalf of the Company, process the same at the Company's production facility, and make deliveries and/or market the goods (as the case may be). The contractor in return bills the Company for labour charges and processes rendered at the rates specific to each process.

			2018	2017
21	**SPONSOR'S LOAN - UNSECURED**		**2,730,694**	3,330,694

21.1 Movement in Sponsor's loan are as follows:

		2018	2017
Opening balance		**3,330,694**	3,880,694
Loan obtained during the year		**-**	-
Loan paid during the year	-	**600,000**	(550,000)
Closing balance		**2,730,694**	3,330,694

21.2 These represent interest free loan which is repayable on demand.

22. **MARK UP ACCRUED ON LOANS**

	2018	2017
Long term financing	**409,312,111**	409,312,111
Short term borrowings	**288,065,902**	288,065,902
Liabilities against assets subject to finance lease	**33,785,950**	33,785,950
	731,163,963	731,163,963

23. **SHORT TERM BORROWINGS-SECURED**

	2018								2017
	Export Refinancing facilities			Running finance	Finance against Imported	Finance against Trust	Bills Payable against D/A		
Banks	**ERF 1**	**ERF 2**	**FAFB**	**Facilities**	**Merchandise**	**Receipt**	**L/C**	**Total**	Total
	---------- Rupees ----------								-- Rupees --
Bank of Punjab	**90,486,000**	**-**	**-**	**(80,138)**	**-**	**-**	**-**	**90,405,862**	90,405,862
Habib bank Limited	**110,628,026**	**-**	**-**	**47,044,949**	**417,496**	**16,910,532**	**3,876,326**	**178,877,329**	178,877,329
Standard Chartered	**-**								
Bank Limited	**-**	**219,200,000**	**-**	**23,444,994**	**-**	**-**	**-**	**242,644,994**	242,644,994
Silk Bank Limited	**-**	**-**	**50,000,000**	**41,656,775**	**-**	**-**	**33,703,145**	**125,359,920**	125,359,920
NIB Bank Limited	**-**	**29,493,000**	**-**	**9,556,015**	**-**	**12,870,072**	**26,356,916**	**78,276,003**	78,276,003
Askari Bank Limited	**129,970,000**	**50,000,000**	**-**	**170,986,837**	**-**	**-**	**(10,485,759)**	**340,471,078**	340,471,078
MCB Bank Limited	**-**	**-**	**-**	**(1,866)**	**-**	**-**	**-**	**(1,866)**	(1,866)
Bank Al Habib Limited	**-**	**-**	**-**	**(20,039)**		**-**	**-**	**(20,039)**	(20,039)
United Bank Limited	**-**	**-**	**-**	**(6,531)**	**-**	**-**	**-**	**(6,531)**	(6,531)
Habib Metropolitan Bank Ltd	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Others	**-**	**-**	**-**	**-**	**-**	**-**	**(2,350,537)**	**(2,350,537)**	(2,350,537)
	331,084,026	**298,693,000**	**50,000,000**	**292,580,996**	**417,496**	**29,780,604**	**51,100,091**	**1,053,656,213**	1,053,656,213

23.1 This represents short term working capital finances and export refinance facilities availed from various commercial banks under mark up arrangements. The outstanding balance was secured by way of joint pari passu charge on all moveable assets of the Company (i.e. inventories and receivables) amounting to Rs. 2.311 billion. The rates of mark up for running finances and others vary between 3 months KIBOR + 1.5 % to 3 months KIBOR + 4 % . The rate of mark up for Export refinance was SBP rate + 1 % per annum to SBP rate + 1.5 % per annum.

These short term borrowings availed by the company have been long overdue and therefore on April 08, 2009 the following banks filed suit in syndicates as well as in their individual capacity as per details given as under, the ultimate outcome in each of the following matter is subject to the determination by the court.

Habib Bank Limited has filed a suit in the year 2009 in the High court of Sindh for the recovery of Rs 225.580 million in respect of various short term running finance facilities availed by the company since 2007, and prayed for grant of decree for payment of aforesaid mention sum along with cost of funds at the rate fixed by State Bank of Pakistan from the date of default till realization. Company in response thereto then filed an application to the Court to grant leave to defend on the basis of its point of view that the bank is charging mark upon mark up which is unlawful. The court appointed a Chartered Accountant to calculate the amount disbursed and repaid under the agreement between the parties. The Chartered Accountant's report is disputed by the company.

Silk Bank Limited (formerly Saudi Pak Commercial Bank Limited) also filed suit in the year 2009 in the High Court of Sindh for the recovery of Rs. 169.703 million in respect of various short term financing facilities extended to the Company since 2006 and prayed for the attachment and sale of mortgage property and hypothecated asset. In response thereto the Company has filed an application in the aforesaid Court and pleaded for granting leave to defend.

Standard Chartered Bank Limited also filed suit in the year 2009 in the High Court of Sindh for the recovery of Rs. 299.502 million in respect of various short term financing facilities extended to the Company since 2006 and prayed for the attachment and sale of mortgage property and hypothecated asset. The leave to defend application was granted to the company by the Court. Both sides lead evidence in the suit yet to be heard.

Askari Bank Limited also filed a suit in the year 2009 in the High Court of Sindh for the recovery of Rs. 445.591 million in respect of various short term financing facilities extended to the Company since 2006 and prayed for the attachment and sale of mortgage property and hypothecated asset (Refer 20.1). The leave to defend application was granted by the Court and a Commissioner was appointed to record evidence in the suit.

NIB Bank Limited also filed a suit in the year 2009 in the High Court of Sindh for the recovery of Rs. 102.873 million in respect of various short term financing facilities extended to the Company since 2007 and prayed for the attachment and sale of mortgage property and hypothecated asset (Refer 22.1). The leave-to-defend application has recently been allowed by the Court and a Commissioner has been appointed to record evidence in the suit. Long term deposits include Rs. 500,000 with NIB Bank Limited, and the company intends to set off this amount with the claim of the bank. Further, the bank's evidence has been concluded.

The Bank of Punjab also filed a suit in the High Court of Sindh in the year 2009 for the recovery of Rs. 109.348 million on account of various short term financing facilities availed by the Company from the bank and prayed for the recovery of the mark up price from sale of the assets mortgaged (Refer 22.1). In response thereto Company has filed an application for leave to defend which was disposed off and a firm of Chartered Accountant examined the documents and reported that only Rs. 37.572 million is payable by the company. Both parties have disputed such report and have reiterated their earlier positions.

23.2 The Honorable High Court of Sindh at Karachi vide order dated 25 October, 2021, passed in JCM petition # 49 of 2016, whereby the Charged Assets are required to be sold and the sale proceeds generated from the said sale are to be utilized to settle the outstanding liabilities of the Company for details refer note 1.1

24. OVERDUE LONG TERM LIABILITIES	**Note**	**2018**	2017
		Rupees	
Overdue Long term loans		**1,006,374,899**	1,006,374,899
Overdue Liabilities against assets subject to Finance Lease		**93,989,757**	93,989,757
		1,100,364,656	1,100,364,656

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 Silk Bank has filed a suit for the recovery of Rs. 169.703 million in the High Court of Sindh. The amount booked in accounts as liability in this respect is Rs. 159.808 million which includes the markup of Rs. 34.448 million. The Company entered into a compromise/scheme of arrangement with its creditors to ensure settlements of existing liabilities of the company, wherein the settlement amount payable to each creditor is stipulated. That in the view of the same all existing liabilities with Silk bank will be settled and Silk Bank will withdaaw the instant suit. that at present, the company owes no money to the Silk Bank.

25.1.2 Askari Bank has filed a suit for the recovery of Rs. 455.591 million. The Company disputes the entire amount claimed vide a leave to defend application. The leave to defend application was granted by the Court and a Commission was appointed to record evidence in suit. However, the amount booked as liability in this respect is Rs. 419.732 million which includes the markup of Rs. 79.262 million (Refer note 23.1).The Company entered into a compromise/scheme of arrangement with its creditors to ensure settlements of existing liabilities of the company, wherein the settlement amount payable to each creditor is stipulated. That in the view of the same all existing liabilities with Askari bank will be settled and Askari Bank will withdaaw the instant suit. that at present, the company owes no money to the Askari Bank.

25.1.3 The contention of the Company raised in court is that figures appearing in note 17.1 to 17.6, 18 and 23 to 21.1 were recorded from the bank statement of account and credit advice provided by the respective banks. In the suits filed by the banks, Company has disputed such figures in its leave to defend applications. Such disputes have yet to be adjudicated by the courts.

25.1.4 M/s SML (Hong Kong) Limited has filed a suit in High Court of Sindh under Order 37 CPC for injunction and recovery of USD 53,328. The suit is pending for hearing.

25.1.5 M/s BASF Pakistan Limited has filed a suit in High Court of Sindh for injunction and recovery of Rs. 55.757 million. The suit is pending for hearing.

25.1.6 M/s Gulshan Weaving Mills Limited has filed a suit in High Court of Sindh for injunction and recovery of Rs. 55.627 million. The suit is pending for hearing.

25.1.7 M/s Bhanero Textile Mills Limited has filed a suit at 1st Senior Civil Judge Karachi West for recovery of Rs 6.032 million. The matter is fixed for recording of evidence of the plaintiff.

25.1.8 M/s EFU General Insurance Limited has filed a suit in the High Court of Sindh under order 37 CPC for injunction and recovery of Rs. 15.099 million. The said suit is pending for hearing.

25.1.9 The company has filed suit against EFU General Insurance Limited before the Insurance Tribunal at Karachi for the recovery of Rs. 3.145 billion. This includes the escalation value of the losses due to fire incident in January 2008 as per original claim as well as damages due to non-payment since then. The receivable recognized in the financial statements in this respect amounts to Rs. 236.441 million.

25.1.10 The Company filed a suit against Federation of Pakistan, for Sui Southern Gas Co. Limited related to Gas Infrastructure Development Cess charges. The Company has deferred the recognition of expense against such billing in these financial statements as per the advice of its legal counsel. Since the Company is in captive power sector and GID cess is applicable on industrial sector, this amount cannot be quantified. The case is pending for further adjudication in the High Court of Sindh, Karachi.

25.1.11 This is a suit for recovery of Rs. 225,579,578 by Habib Bank Limited. The Court appointed Haroon Zakaria & Company, Chartered Accountants, to calculate the amount disbursed and repaid under the agreements between the parties. As per the Chartered Accountant's report,a sum of RS. 203,631,313 is payable by NI, which report is disputed by NI. The Company entered into a compromise/scheme of arrangement with its creditors to ensure settlements of existing liabilities of the company, wherein the settlement amount payable to each creditor is stipulated. That in the view of the same all existing liabilities with Habib Bank will be settled and Habib Bank will withdaaw the instant suit. that at present, the company owes no money to the Habib Bank.

25.1.12 This is a suit for recovery of Rs. 102,873,289 has been filed by the NIB Bank Limited (now merged with MCB bank). The Court granted NI leave to defend the suit. Presently.The Company entered into a compromise/scheme of arrangement with its creditors to ensure settlements of existing liabilities of the company, wherein the settlement amount payable to each creditor is stipulated. That in the view of the same all existing liabilities with NIB Bank will be settled and NIB Bank will withdaaw the instant suit. that at present, the company owes no money to the NIB Bank

25.1.13 BoP has filed Suit No.B-152/2009 against NI for recovery of Rs. 109,347,845. The leave-to-defend application of NI was disposed off by appointing a Chartered Accountant to examine accounts between the parties and to submit a report.The Chartered Accountant reported that only Rs. 37,572,000 was payable by NI.The Court decreed the suit in favor of BoP to the extent of Rs. 38,788,300. Both parties filed appeals. NI's appeal is HCA No. 336/2015 and BoP's appeal is HCA No. 298/2015. BoP also applied for executing the decree and the executing Court ordered auction of the properties under charge. NI's appeal was disposed off on 15.10.2019 and BoP's appeal is pending and is yet to be heared.

25.1.14 This is a suit for recovery of Rs. 299,502,034 in the high court of Sindh by Standard Chartered Bank. The Court granted NI leave to defend the suit.The Company entered into a compromise/scheme of arrangement with its creditors to ensure settlements of existing liabilities of the company, wherein the settlement amount payable to each creditor is stipulated. That in the view of the same all existing liabilities with Standard Chartered Bank will be settled and Standard Chartered Bank will withdaaw the instant suit. that at present, the company owes no money to the Standard Chartered Bank.

25.1.15 This is a petition under section 284 of the Companies Ordinance, 1984, seeking sanction of the Court to a Scheme of Arrangement between NI and its secured creditors whereby claims of the latter are proposed to be settled by selling the charged assets of NI for not less than Rs. 600 million. After complying with all relevent formalities and carefully scrutinizing the content of the scheme of arrangement, on 25.10.2021 court was pleased to sanction the sheme as proposed and the intsant JCM was disposed of in the aforementioned terms

25.1.16 This is a suit for recovery of Rs. 1,098,032,994 filed by a syndicate of banks led by HBL. The court granted Nina industries leave to defend the suit. Presently, The Company entered into a compromise/scheme of arrangement with its creditors to ensure settlements of existing liabilities of the company, wherein the settlement amount payable to each creditor is stipulated. That in the view of the same all existing liabilities with Habib Bank will be settled and Habib Bank will withdaaw the instant suit. that at present, the company owes no money to the Habib Bank

25.1.17 This is a suit for recovery of Rs. 39,708,385 by Saudi Paki Industrial & Agricultural Investment Company ltd [SAPICO]. The court granted Nina industries leave to defend the suit. Presently, The Company entered into a compromise/scheme of arrangement with its creditors to ensure settlements of existing liabilities of the company, wherein the settlement amount payable to each creditor is stipulated. That in the view of the same all existing liabilities with SAPICO will be settled and SAPICO will withdaaw the instant suit. that at present, the company owes no money to the SAPICO

25.1.18 M/s Universal Freight has filed a suit in High Court of Sindh for injunction and recovery of Rs. 522,460. The suit is pending for hearing.

25.1.19 This is a suit for recovery of finance facility of Rs. 41,656,775 filed by Saudi Pak Industrial Bank. The suit is still pending for hearing.

25.1.20 The company has filed a suit in the hight court against challenging billing of natural gas by SSGC under the tariff rates of Captive Power instead of industrial unit and against SSGC for tariff rate increases.Both the cases are still pending for hearing.

25.1.21 The instant civil petition for leave to appeal has been filed by the State Life Insurrance whereby they have impigned the jugdement dated 25.10.2021 passed by learned Single Judge, whereby all the State Life's objections against the scheme of arrangement were dismissed and scheme of arrangement was allowed as proposed.That the case is still sub-judice before the Honourable Supreme Court of Pakistan and yet to be heard.

25.2 Commitments

There were no commitments at reporting date.

26. SERVICES - NET

	Note	2018	2017
		Rupees	
Processing and stitching services		**337,984,406**	385,463,242
Commission and brokerage		**(5,287,647)**	(3,074,742)
		332,696,759	382,388,500

27. COST OF SERVICES

	Dyes and chemicals consumed	27.1	**123,729,362**	144,678,774
	Accessories, packing and production stores	27.2	**24,492,706**	23,314,772
	Packaging material consumed	27.3	**3,392,993**	2,505,312
	Materials consumed		**151,615,061**	170,498,858
	Salaries, wages and benefits	27.4	**10,248,302**	5,861,985
	Fuel, water and power		**118,662,926**	127,327,477
	Mending and packing		**44,519,768**	46,487,319
	Repair and maintenance		**28,665,995**	17,699,701
	Depreciation	6.2	**75,643,794**	83,608,947
	Coolies, cartage, freight and duties		**807,990**	494,400
	Rent, rates and taxes		**-**	400,000
			430,163,836	452,378,687
27.1	**Dyes and chemicals consumed**			
	Opening stock		**22,475,674**	47,920,724
	Purchased during the year		**116,927,648**	119,233,697
	Closing stock		**(15,673,960)**	(22,475,647)
			123,729,362	144,678,774
27.2	**Accessories, packing and production stores**			
	Opening stock		**-**	-
	Purchased during the year		**24,492,706**	23,314,772
	Closing stock		**-**	-
			24,492,706	23,314,772
27.3	**Packaging material consumed**			
	Opening stock		**3,038,904**	3,307,090
	Purchased during the year		**487,240**	2,237,126
	Closing stock		**(133,151)**	(3,038,904)
			3,392,993	2,505,312

27.4 This includes amount of Rs. 2,271,433 (2017: Rs 2,149,140) in respect of staff retirement benefits.

		Note	2018	2017
			Rupees	
28.	**ADMINISTRATIVE EXPENSES**			
	Staff salaries and allowances	28.1	**5,635,818**	3,756,515
	Staff welfare expenses		**-**	28,672
	Legal and professional		**1,961,950**	3,664,840
	Vehicle repair and maintenance		**270,750**	259,100
	Directors' remuneration	34	**-**	-
	Auditor's remuneration	28.2	**500,000**	500,000
	Entertainment		**743,149**	1,449,049
	Telephone and telex		**274,696**	274,696
	Stationery and printing		**131,855**	419,726
	Fees and subscription		**291,545**	459,439
	Postage, courier and telegram		**2,605**	38,822
	Conveyance and traveling		**36,050**	90,962
	Depreciation	6.2	**3,151,825**	3,483,706
	Amortization charge	7	**80,554**	84,794
	Office expenses		**221,928**	411,369
	Provision for obselete stock		**10,486,513**	-
	Provision for short term deposits		**4,887,012**	-
	Provision for doubtful debts		**197,408,047**	13,212,583
			226,084,297	28,134,273

28.1 This includes amount of Rs. 252,381 (2017: Rs 238,794) in respect of staff retirement benefits.

28.2 **Auditor's remuneration**

Audit fee	**500,000**	500,000
Review fee	**-**	-

Certifications	-	-
	500,000	500,000

29. SELLING AND DISTRIBUTION EXPENSES

Advertisement expenses	-	349,892
	-	349,892

30 OTHER INCOME

Reversal of trade creditor	**30,799,524**	-
less: Sale tax refundable-(Adjusted due to deferred by the department)	**(28,840,602)**	-
	1,958,922	-

31. FINANCIAL COSTS

Bank charges	**699,672**	988

31.1 The management has not recorded markup for the current year on long term finance and lease obligation, since it expects that the final outcome of its negotiation with the financial institutions in this respect would not result in any obligation to pay markup and the financial statements already contain adequate provision in respect of the amount of claims.

32. TAXATION

	Note	**2018**	2017
		Rupees	
Current tax		**4,158,709**	3,823,885
Prior year charge		-	-
		4,158,709	3,823,885
Deferred tax	*32.1*	-	-
		4,158,709	3,823,885

32.1 Deferred tax

The proportionate deferred tax on the income subject to normal taxation is not recognized due to the reason that the company has substantial amount of carry forward business losses, which results in deferred tax asset amounting to Rs. 215,983 million (2017: Rs. 191,880 million), but it is not recognized as future taxable profits are not expected.

32.2 Tax charge reconciliation

No reconciliation of accounting profit and tax expense has been made because income of the Company is subject to the minimum tax under section 113 of the Income Tax Ordinance, 2001.

32.3 Income tax assessments

As per the management's assessment, sufficient tax provision has been made in the Company's financial statements. The comparision of tax provisions as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	Deemed Assessment	**Provisions**
	Rupees	
Tax year 2017	3,823,885	3,823,885
Tax year 2016	-	-
Tax year 2015	4,083,926	1,379,003

33. LOSS PER SHARE-BASIC AND DILUTED

	2018	2017
	Rupees	
Loss after tax for the year	**(326,450,833)**	(102,299,225)
Weighted average number of ordinary shares	**24,200,000**	24,200,000

Loss per share - basic and diluted	**(13.49)**	(4.23)

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	2018			
	Chief Executive	**Directors**	**Executive**	**Total**
	------------------------ Rupees ------------------------			
Managerial Remuneration	-	-	**1,382,257**	**1,382,257**
House Rent	-	-	**594,515**	**594,515**
Utilities and upkeep	-	-	**93,228**	**93,228**
	-	-	**2,070,000**	**2,070,000**
Number of Persons	**1**	**2**	**2**	

	2017			
	Chief Executive	Directors	Executive	Total
	------------------------ Rupees ------------------------			
Managerial Remuneration	-	-	1,432,257	1,432,257
House Rent	-	-	644,515	644,515
Utilities and upkeep	-	-	143,228	143,228
	-	-	2,220,000	2,220,000
Number of Persons	1	2	2	

34.1 In addition one Executive is provided with free use of Company maintained car.

34.2 The Chief Executive and Non-Executive Directors have waived their meeting fee.

34.3 Amount charged in the accounts for Board meeting fee to Executive Director is Rs.20,000 (2017: Rs.10,000)

35. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, directors and their close family members, major shareholders of the Company and key management personnel. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment . Remuneration of Chief Executive, directors and executives is disclosed in note 32 to the financial statements. Transactions with related parties and balances outstanding at the year are given below:

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	June 30, 2018	June 30, 2017
			-------------Rupees-------------	
Balance as at 30 June, 2018				
Hudson International (Pvt) ltd	Common Directorship	Due from associated company	**15,013,513**	13,902,806
Sponsor's loan	Common Directorship	Due to associates	**152,730,694**	153,330,694
Transactions during the year				
Hudson International (Pvt) ltd	Common Directorship	Sale from production services	**40,644,767**	34,387,447
Hudson International (Pvt) ltd	Common Directorship	Amount received	**39,534,060**	12,364,922
Sponsor's loan	Common Directorship	Loan repaid	**600,000**	550,000

36. FINANCIAL INSTRUMENT BY CATEGORY

	2018	2017
FINANCIAL ASSETS		

Long term deposits	**17,115,838**	17,115,838
Trade debts	**183,319,799**	398,433,381
Short term advances, loans, deposits and other receivables	**358,577,908**	344,987,867
Cash and bank balances	**1,995,562**	581,674
	561,009,107	761,118,760
FINANCIAL LIABLITIES		
Trade and other payables	**278,582,680**	302,256,463
Sponsors' loan - unsecured	**2,730,694**	3,330,694
Mark up accrued on loans	**731,163,963**	731,163,963
Short term borrowings-secured	**1,053,656,213**	1,053,656,213
Overdue long term liabilities	**1,100,364,656**	1,100,364,656
	3,166,498,206	3,190,771,989

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company´s risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. . The Company´s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2018 which are summarized below:

37.1 Credit risk

Credit risk represents the risk of loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

The carrying amount of financial assets represents the maximum credit exposure. To manage exposure to credit risk, the Company applies credit limits to their customers. Cash is held only with banks with high quality credit worthiness.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	**2018**	2017
		Rupees	
Long term deposits		**17,115,838**	17,115,838
Trade debts		**183,319,799**	398,433,381
Short term advances, loans, deposits and other receivables		**358,577,908**	344,987,867
Bank balances		**1,995,416**	581,674
		561,008,961	761,118,760

37.1.1 The maximum exposure to credit risk for trade debts on geographic basis as at the reporting date is as follows:

The aging of trade debts at the reporting date is as follows:

Not past due	-	2,374,941
Past due 0-30 days	-	48,390,000
Past due 30-120 days	**74,360,004**	29,763,216

	2018	2017
More than 120 days	**306,367,842**	331,117,807
	380,727,846	411,645,964

Based on past experience, the Company believes that no impairment is necessary against amounts past due by 120 and above days.

37.1.2 Company's banks balances can be assessed with reference to the following credit ratings of the banks assessed by reputable credit agencies as of June 30, 2018:

Bank	Rating agency	Short- term Rating	2018	2017
			Rupees	
Bank Al-Habib Limited	PACRA	A1+	**760,317**	2,680
Askari Bank Limited	PACRA	A1+	**181,266**	181,266
Habib Bank Limited	JCR - VIS	A1+	**819,530**	164,944
The Bank of Punjab	PACRA	A1+	**5,491**	5,491
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	**2,395**	2,395
Silk Bank Limited	JCR-VIS	A-2	**168,126**	168,126
Faysal Bank Limited	PACRA	A1+	**552**	552
NIB Bank Limited	PACRA	A1+	**55,873**	55,873
MCB Bank Limited	PACRA	A1+	**1,866**	-
			1,995,416	581,327

The balances of financial assets held with related parties other than short term investments are as follows:

	2018	2017
Trade debts	**15,013,513**	13,902,806
	15,013,513	13,902,806

37.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of the financial liabilities, including interest payments:

	2018				
	Carrying amount	**Contractual cash flows**	**12 months or less**	**2 - 5 years**	**More than 5 years**
			Rupees		
Financial Liabilities					
Trade and other payables	**278,582,680**	**(278,582,680)**	**(278,582,680)**	-	-
Sponsors' loan - unsecured	**2,730,694**				
Mark up accrued on loans	**731,163,963**	**(731,163,963)**	**(731,163,963)**	-	-
Short term borrowings-secured	**1,053,656,213**	**(1,053,656,213)**	**(1,053,656,213)**	-	-
Overdue long term liabilities	**1,100,364,656**	**(1,100,364,656)**	**(1,100,364,656)**	-	-
	3,166,498,206	**(3,163,767,512)**	**(3,163,767,512)**	-	-

	2017				
	Carrying amount	Contractual cash flows	12 months or less	2 - 5 years	More than 5 years
			Rupees		
Financial Liabilities					
Trade and other payables	302,256,463	(302,256,463)	(302,256,463)		-
Sponsors' loan - unsecured	3,330,694	(3,330,694)			
Mark up accrued on loans	731,163,963	(731,163,963)	(731,163,963)	-	-
Short term borrowings-secured	1,053,656,213	(1,053,656,213)	(1,053,656,213)	-	-
Overdue long term liabilities	1,100,364,656	(1,100,364,656)	(1,100,364,656)	-	-
	3,190,771,989	(3,190,771,989)	(3,187,441,295)	-	-

37.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk.

37.3.1 Currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Company's exposure to foreign currency risk is as follows:

	2018	2017
	USD	
Trade debts	-	2,804,567

Sensitivity analysis

A 10 percent strengthening / weakening of the PKR against USD at 30 June would have decreased / increased post-tax profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

Effect on profit before tax	**2018**	2017
	Rupees	
US Dollar	-	(32,238,498)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / loss for the year and assets and liabilities of the Company.

37.3.2 Yield / mark - up rate exposure

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 interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable interest rates expose the Company to cash flow interest rate risk and borrowings issued at fixed interest rates gives rise to fair value interest rate risk. Significant interest rate risk exposures are primarily managed by a suitable mix of borrowings at fixed and variable interest rates.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2018	2017
Financial liabilities	**Rupees**	
Fixed rate instruments		
Long term finance	-	-
Variable rate instruments		
Liabilities against asset subject to finance lease	**127,775,707**	127,775,707
Short term borrowings	**1,053,656,213**	1,053,656,213

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect statement of 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 profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

	Effect on profit and loss 100 bp increase	100 bp decrease
	Rupees	
As at 30 June 2018		
Cash flow sensitivity-Variable rate instruments	**(10,536,562)**	10,536,562
As at 30 June 2017		
Cash flow sensitivity-Variable rate instruments	**(10,536,562)**	10,536,562

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

37.4 Capital risk management

The company is objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide return for shareholder and benefits for other stakeholder and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholder, return capital to shareholder or issue new shares or sell assets to reduce debt.

The company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirement and expectations of shareholder. Debt is calculated at total borrowing ('long term loan' and 'current maturity of the long term loan' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

The gearing ratio as at June 30, 2021 and June 30, 2020 is as follows:

	Jun-30 2018	Jun-30 2017
Sponsors' loan - unsecured	**2,730,694**	3,330,694
Mark up accrued on loans	**731,163,963**	731,163,963
Short term borrowings-secured	**1,053,656,213**	1,053,656,213
Overdue long term liabilities	**1,100,364,656**	1,100,364,656
	2,887,915,526	2,888,515,526
Share Capital	**242,000,000**	242,000,000
Unappropriated loss	**(2,603,715,553)**	(2,333,991,350)
Equity	**(2,361,715,553)**	(2,091,991,350)
Equity + debt	**526,199,973**	796,524,176
Gearing Ratio (debt/(equity +debt))	**5.49**	3.63

37.5 Fair Value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

Fair value hierarchy

The different levels to analyse financial assets carried at fair value have been defined as follows:

Level 1 : Quoted market price

Level 2 : Valuation techniques (market observable); and

Level 3:: Valuation techniques (non-market observables)

As of the reporting date, the company does not have any financial asset carried at fair value that required categorization in Level 1 , Level 2 and Level 3.

38. PRODUCTION CAPACITY

The production capacity of company's plant cannot precisely be determined as being a processing unit, the capacity varies depending upon the processes involved, coverage requirements, the construction of cloth used composing different types of textures etc.

39. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation.Following major reclassifications have been made during the year:

Description	Reclassified from	Reclassified to	2017
Subordinate loan	Long term loan	Subordinate loan	150,000,000
Sponsor's loan	Long term loan	Short term loan	3,330,694
Deposits	Short term deposits	Long term deposits	15,974,690
Incremental depreciation	Other comprehensive income	Statement of change in equity	61,841,580

39. EVENTS AFTER THE REPORTING DATE

The existence of novel corona virus (COVID-19) was confirmed in early 2020 and has spread across the globe, causing disruption to business and economic activities. The company considers the outbreak to be a non-adjusting post statement of financial date event. As this situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the company's financial statements, if any, will be considered in the next financial statements.

40. NUMBER OF EMPLOYEES

Total number of employees including contractor's employees at the year end were 126 (2017: 139).

Total number of average employees including contractor's employees at the year end were 105 (2017: 135).

41. DATE OF AUTHORIZATION

These financial statements were approved and authorized for issue on 22-Sep-2023 by the Board of Directors of the Company.

42. GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE | **CHIEF FINANCIAL OFFICER** | **DIRECTOR**

PATTERN OF HOLDING OF SHARES HELD
BY THE MEMBERS OF NINA INDUSTRIES LIMITED
AS AT 30 JUNE 2018

No. of Shareholders	Share Holdings		Total Shares Held	Percentage of Issued Capital
	From	To		
119	1	100	5,603	0.02%
195	101	500	97,457	0.40%
22	501	1000	17,300	0.07%
25	1001	5000	67,390	0.28%
6	5001	10000	53,500	0.22%
1	10001	15000	12,000	0.05%
2	15001	20000	37,150	0.15%
3	40001	45000	128,000	0.53%
1	95001	100000	96,500	0.40%
1	490001	495000	493,350	2.04%
1	1995001	2000000	2,000,000	8.26%
3	3995001	4000000	10,366,800	42.84%
1	4975001	4990000	4,906,000	20.27%
1	5890001	5955000	5,918,950	24.46%
381			24,200,000	

Categories of Shareholders.	Number	Shares Held	Percentage
Associated Companies, Undertakings			
and Related Parties			
BELA TEXTILES LIMITED	01	3,995,750	16.51%
Directors, CEO & their			
Spouse and Children	05		
MR. WAQAR A. SATTAR		5,918,950	24.46%
MR. UROOJ SAEED		3,205,890	13.25%
MR. YASIR WAQAR		493,350	2.04%
MR. KASHIF SAEED SATTAR		3,165,160	13.08%
MRS. SAEEDA SAEED		18,150	0.08%
Public Sector Companies and Corporation			
Banks, Development Finance/Institutions,			
Non-Banking Financial Institutions,	03		
Insurance Companies, Modarabas			
and Mutual Funds			
NATIONAL BANK OF PAKISTAN		4,947,500	20.44%
STATE LIFE INSURANCE CORPORATION		2,000,000	8.26%
E.F.U. GENERAL INSURANCE LIMITED		96,500	0.40%
Individuals			
Holding more than 10%	-	-	-
Holding less than 10%	372	358,750	1.48%
TOTAL	381	24,200,000	100%
Sharesholding 10 percent or more			
voting interest in the Company			
Mr. Waqar A. Sattar		5,918,950	24.46%
Mr. Urooj Saeed		3,205,890	13.25%
Mr. Kashif Saeed Sattar		3,165,160	13.08%
M/s. National Bank of Pakistan		4,947,500	20.44%
M/s. Bela Textiles Limited		3,995,750	16.51%
Total		21,233,250	87.74%

Nina INDUSTRIES LIMITED

FORM OF PROXY

26TH Annual General Meeting

Registered Folio	Share Holding

I/We____

Of____
being a member of Nina Industries Limited, hereby appoint__________________________________

of ____or failing

him of ____

(being a member of the Company) as my / our proxy to attend, act, and vote for me / us and on my / our behalf at the 26th Annual General Meeting of the Company to be held at Binoria Restaurant Hall(First Floor) on 30th October, 2023 at 03:30 P.M. and at every adjournment thereof.

As witness my hand this ______________________________of day of __________________2023.
Signed by the said____in the presence

of____

Five Rupees Revenue Stamp

Date: _______________ (Member's signature)

Place _______________ (Witness signature)

Notes:

1. This form of proxy, in order to be effective, must be deposited duly completed at the Company's Registrar Office at Saima Trade Tower, Suit 1705-A, 17th Floor, I.I Chundrigar Road, Karachi. not less than 48 hours before the time for holding the meeting.
2. Member's signature should agree with the specimen signature with the Company.