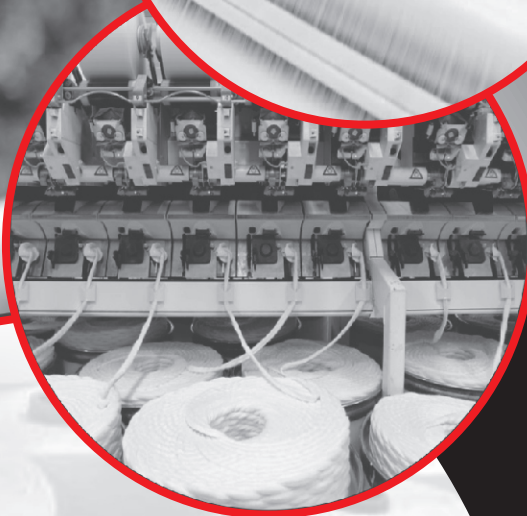




SALMAN NOMAN
ENTERPRISES LIMITED



ANNUAL
REPORT 2020



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COMPANY'S INFORMATION

| | | |
|---|--|------------------------------------|
| BOARD OF DIRECTORS | MR. NOMAN ALMAS | CHIEF EXECUTIVE-EXECUTIVE DIRECTOR |
| | MR. ABDUL SHAKOOR | INDEPENDENT DIRECTOR |
| | MR. MUHAMMAD AKRAM | INDEPENDENT DIRECTOR |
| | MR. NAVEED AHMED | INDEPENDENT DIRECTOR |
| | MR. MUHAMMAD FIAZ | NON-EXECUTIVE DIRECTOR |
| | MR. MUHAMMAD RAMZAN | NON-EXECUTIVE DIRECTOR |
| | MR ZAHID ALI | NON-EXECUTIVE DIRECTOR |
| AUDIT COMMITTEE | MR. NAVEED AHMED | CHAIRMAN-INDEPENDENT DIRECTOR |
| | MR. ABDUL SHAKOOR | INDEPENDENT DIRECTOR |
| | MR. ZAHID ALI | NON-EXECUTIVE DIRECTOR |
| HUMAN RESOURCE AND REMUNERATION COMMITTEE | MR. MUHAMMAD AKRAM | CHAIRMAN-INDEPENDENT DIRECTOR |
| | MR. MUHAMMAD FIAZ | NON-EXECUTIVE DIRECTOR |
| | MR. MUHAMMAD RAMZAN | NON-EXECUTIVE DIRECTOR |
| COMPANY SECRETARY | MR. MUHAMMAD SAEED | |
| AUDITORS | KAMRAN& COMPANY CHARTERED ACCOUNTANTS | |
| LEGAL ADVISOR | FAISAL MAALIK BUTTER | |
| REGISTERED OFFICE | 3 – K.M. BALLOKI ROAD BHAI PHERU, DISTT. KASUR | |
| REGISTRAR SHARE SERVICE | CORPLINK (PVT) LIMITED. | |
| | WINGS ARCADE, 1-K, COMMERCIAL, MODEL TOWN | |
| | LAHORE. | |
| HEAD OFFICE: | 41-L GULBERG-III, LAHORE – 54600 | |
| | WEB SITE: www.sntextile.com | |
| | E-MAIL: snel36@hotmail.com | |
| | nauman@sntextile.com | |
| MILLS | 3-KM, BALLOKI ROAD BHAI PHERU DISTT. KASUR. | |



NOTICE OF MEETING

Notice is hereby given that 35th Annual General Meeting of Members of the Company will be held on Monday 26th October, 2020 at 03:00 P.M. at Salman Noman Enterprises Limited, 3-K.M. Balloki Road, Bhai Pheru (Distt: Kasur) to trans act the following business:-

1. Recitation from HOLY QURAAN.
2. To confirm the minutes of the Last Annual General Meeting.
3. To receive and adopt the audited accounts of the Company for the year ended June 30, 2020 together with the Directors' and Auditors Report thereon.
4. To appoint auditors and fix their remuneration for the year 2020-2021. M/s. Kamran & Company Chartered Accountants, being eligible, offer themselves for re-appointment.
5. To consider any other business with the permission of the Chief.

Lahore:
Dated: October 05, 2020

By Order of the Board
(MUHAMMAD SAEED)
Company Secretary

NOTE:

1. The Share Transfer Books of the Company will remain closed from October 19th, 2020 to October 26th, 2020 (both days inclusive).
2. A member entitled to attend and vote at this Meeting may appoint proxy. Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. Shareholders who have deposited their shares into Central Depository Company are advised to bring their National Identity Card alongwith their CDC account number at the meeting venue.
4. Shareholders are requested to notify the change in address, if any, immediately



Vision:

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

Mission:

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

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

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

Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.



DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company welcome you to the 35th Annual General Meeting and are pleased to present the annual report together with Audited Accounts of the Company for the financial year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

During the financial year under review the company remains close its operations and there is no production and sales of the company. Due to depreciation and some other expenses the Company showed a loss after tax Rs.30.745 million for the current year where as it was Rs.32.203 millions for the last year. The Financial results are summarized here under:-

| | 2020 Rupees | 2019 Rupees |
|--------------------|----------------|----------------|
| SALES | ----- | ----- |
| GROSS LOSS | ----- | ----- |
| OPERATING LOSS | (30,745,414) | (32,203,772) |
| FINANCIAL EXPENSES | ----- | ----- |
| TAXATION | ----- | ----- |
| NET LOSS AFTER TAX | (30,745,414) | (32,203,772) |
| LOSS PER SHARES | (6.88) | (7.21) |

The factory remained closed the operations and there are no permanent employee/workers. The Company is in litigation with all the banking companies as there were no such funds to pay even the mark up of the banking companies. The complete details of the litigation cases are fully disclosed in note 19 of the financial statements. However, the company is trying to make negotiation with the creditors to settle their outstanding payments.

The matters with the banking companies are under litigation with the banking companies in the court of law and there are no credit lines available to the company.

The directors are still making a lot of efforts to start the operation and they are fully confident that they will start the operations soon.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

- The board has arranged directors training program for Mr.Noman Almas and he got certification as Certified Director (as required by the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan) in November, 2014 under director training program held by the University of Lahore. The training program for the remaining directors not arranged as the company close its operations for a certain period of time. When the Company will start its operations the training program for the remaining directors will be conducted.
- The internal audit function is no more in working as the company close its operations The board will set up an effective internal audit function as required by 5.19.21 when the operation will be started again.
- The Audit Committee and Human Resource Committee are no more in function as all the employees left the Company.

The company closed its operations and all the employees left the company. So once the business restart than all the relevant compliances will be made.

AUDITORS

The present auditors Messer's Kamran & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

**PATTERN OF SHAREHOLDING**

The pattern of shareholding as required by Section 227 (2)(f) of the Companies Act, 2017 and under Code of Corporate Governance is enclosed.

DISCLAIMER OPINION

The company has ceased its operations since February 2018. During the year, the Company incurred loss amounting to Rs.30.745 million (June 30, 2019: Rs.32.204 million) and accumulated losses raised to Rs 698.242 million (June 30, 2019: Rs.678.902 million) at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs.839.806 million (June 30, 2019: Rs.838.667 million) at the year end. This situation may result in severe liquidity crisis and inability of the company to comply with loan agreements and inability to pay long term financing from financial institutions amounting to Rs.147.868 million, short term borrowing amounting to Rs.168.691 million and accrued markup Rs.134.602 million.

The Company has ceased its operation since February, 2018 and there is no sales and production during the year under review. These conditions along with adverse key financial ratios indicate the existence of material uncertainty which may cast significant doubt about 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 business.

Further refer to paragraph (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m) and (n) in the Auditor's Report.

The above refer information from Point (b) to (n) as highlighted in in the auditor's report are not provided to the auditors as all the employees left the company.

KEY OPERATING AND FINANCIAL DATA

Key operating and financial data for the preceding six years is annexed.

DIVIDEND

As the accounts shows considerable losses for the year therefore no dividend is recommended by the Board of Directors in their meeting for the year ended June 30, 2020.

STATUTORY PAYMENTS

There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2020 except for those disclosed in the financial statements.

For & on behalf of the Board

NAUMANALMAS
Chief Executive

Lahore,

Dated: October 05, 2020



حصص داران کو ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز آپ کو پینتیسویں (35 ویں) سالانہ اجلاس عام میں خوش آمدید کہتے ہیں اور 30 جون 2020ء کو اختتام پذیر مالیاتی سال کے لئے کمپنی کے پڑتال شدہ کھاتوں کے ہمراہ سالانہ رپورٹ پیش کرنے میں مسرت کا اظہار کرتے ہیں۔

مختصر مالیاتی صورت حال

زیر جائزہ مالیاتی سال کے دوران کمپنی کے آپریشنز بند رہے اور کمپنی میں کوئی پیداوار اور سیلز نہ ہوئی۔ فرسودگی اور دیگر اخراجات کی وجہ سے کمپنی نے گزشتہ برس 32,203,772 روپے کے مقابلہ میں حالیہ برس 30,745,414 ملین روپے کا خسارہ علاوہ ٹیکس درج کیا۔ مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

| تفصیلات | 2020ء | 2019ء |
|-----------------------|--------------|--------------|
| (روپوں میں) | | |
| فروخت | --- | --- |
| مجموعی نقصان | --- | --- |
| فعالی نقصان | (30,745,414) | (32,203,772) |
| مالیاتی اخراجات | --- | --- |
| ٹیکسیشن | --- | --- |
| خالص نقصان علاوہ ٹیکس | (30,745,414) | (32,203,772) |
| فی حصص خسارہ | (6.88) | (7.21) |

فیکٹری کے آپریشنز کلی طور پر بند تھے اور فیکٹری میں کوئی مستقل ملازم / ورکر نہ ہیں۔ کمپنی تمام بینک کمپنیوں کے ساتھ عدالتی جنگ میں ہے کیونکہ کمپنی کے پاس مینٹنگ کمپنیوں کو مارک اپ کی ادائیگی کے لئے بھی رقم موجود نہ ہے۔ زیر التوا مقدمات کی مکمل تفصیلات مالیاتی اسٹیٹمنٹس کے نوٹ 19 میں بیان کی گئی ہیں۔ تاہم، کمپنی واجبات کی ادائیگی کے لئے قرض خواہان کے ساتھ مذاکرات کر رہی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

(a) بورڈ نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تحت نومبر 2014ء میں محترم نعمان الماس کے لئے ڈائریکٹرز ٹریننگ پروگرام مرتب کیا اور انہیں مصدقہ ڈائریکٹری سند دی گئی۔ یہ ٹریننگ پروگرام یونیورسٹی آف لاہور کی زیر نگرانی منعقد ہوا تھا۔ بقیہ ڈائریکٹرز کے لئے ٹریننگ پروگرام کا انتظام نہ کیا گیا کیونکہ کمپنی نے غیر معینہ مدت کے لئے اپنے آپریشنز بند کر دیئے تھے۔ جب کمپنی اپنے آپریشنز کا آغاز کرے گی تو بقیہ ڈائریکٹرز کے لئے بھی ٹریننگ پروگرام طے کیا جائے گا۔

(b) داخلی آڈٹ فنکشن ابھی فعال نہ ہے کیونکہ کمپنی نے اپنے آپریشنز بند کر دیئے ہیں۔ بورڈ حسب ضرورت 5.19.21 کو مؤثر داخلی

آڈٹ فنکشن کا آغاز کر دے گا اور یہ آپریشنز کے دوبارہ آغاز سے مشروط ہے۔

(c) آڈٹ کمیٹی اور ہیومن ریسورس کمیٹی اس وقت فعال نہیں ہے کیونکہ کمپنی کے تمام ملازمین فارغ ہو چکے ہیں۔

کمپنی نے اپنے آپریشنز بند کر دیئے ہیں اور تمام ملازمین کمپنی سے فارغ ہو چکے ہیں۔ لہذا جو نئی کاروبار کا دوبارہ آغاز ہوگا تمام متعلقہ احکامات کی پیروی کی جائے گی۔

آڈیٹرز

میسرز کامران اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اہل ہونے پر اپنی دوبارہ تقرری کی پیشکش کرتے ہیں۔

شیئر ہولڈنگ کی وضع

کمپنیز ایکٹ 2017ء کے سیکشن (f)(2) اور کوڈ آف کارپوریٹ گورننس کے تحت شیئر ہولڈنگ کی وضع ساتھ منسلک ہے۔

رائے دستبرداری

کمپنی نے فروری 2018ء سے اپنے آپریشنز بند کر دیئے ہیں۔ سال بھر میں، کمپنی کو 30.745 ملین روپے نقصان کا سامنا کرنا پڑا

(30 جون 2019ء: 32.204 ملین روپے) اور سال کے اختتام پر مجموعی خسارہ 698.242 ملین روپے (30 جون 2019ء:

678.902 ملین روپے) تک پہنچ گیا۔ مزید یہ کہ کمپنی کے حالیہ واجبات حالیہ اثاثہ جات سے 839.806 ملین روپے بڑھ چکے ہیں

(30 جون 2019ء: 838.667 ملین روپے)۔ اس صورت حال میں کمپنی کو شدید لیکویڈیٹی بحران کا سامنا کرنا پڑ سکتا ہے اور کمپنی قرض

معادہ پر عمل درآمد میں ناکام ہو جائے گی اور مالیاتی اداروں سے حاصل کردہ 147.868 ملین روپے کے طویل مدتی قرضہ جات اور

168.691 ملین روپے کے قلیل مدت قرضہ جات کی ادائیگی میں ناکام ہو جائے گی۔ ان قرضوں پر مارک اپ 134.602 ملین روپے

ہے۔

کمپنی نے فروری 2018ء سے اپنے آپریشنز بند کر دیئے ہیں اور زیر جائزہ سال کے دوران کمپنی کی پیداوار اور سیلز میں کوئی تحریک نہ ہے۔ یہ

حالات اور ابتر بنیادی مالی تناسب مادی غیر یقینی کی صورت حال کا اشارہ دیتے ہیں جس کی وجہ سے کمپنی کی کاروبار جاری رکھنے کی صلاحیت پر

شکوک و شبہات پیدا ہوتے ہیں۔ لہذا کمپنی اپنے اثاثہ جات اور واجبات میں توازن قائم نہ کر پائے گی۔

آڈیٹرز رپورٹ کے پیرا گراف (b)، (c)، (d)، (e)، (f)، (g)، (h)، (i)، (j)، (k)، (l)، (m) اور (n) کا مطالعہ کریں۔

آڈیٹرز رپورٹ میں مذکورہ بالا نفاذ (b) سے (n) تک معلومات آڈیٹرز کو فراہم کر دی گئی ہیں کیونکہ کمپنی کے ملازمین فارغ ہو چکے ہیں۔



بنیادی فعلی اور مالیاتی اعداد و شمار

گذشتہ چھ برس کے بنیادی فعلی اور مالیاتی اعداد و شمار ساتھ منسلک ہیں۔

منافع منقسمہ

زیر جائزہ سال کے لئے چونکہ کھاتے نمایاں خسارہ ظاہر کر رہے ہیں لہذا بورڈ آف ڈائریکٹرز نے اپنے اجلاس میں 30 جون 2020ء کو اختتام پذیر سال کے لئے منافع منقسمہ کی سفارش نہ کی ہے۔

قانونی/لازمی ادائیگیاں

30 جون 2020ء تک ٹیکسز، لیوی اور جرمانہ کی مد میں کسی بھی قسم کی لازمی/قانونی ادائیگی واجب الادا نہ ہے ماسوائے ان کے جنہیں مالیاتی اسٹیٹمنٹس میں بیان کیا گیا ہے۔

برائے/مخائب بورڈ

نعمان الماس

چیف ایگزیکٹو

لاہور

مؤرخہ: 05 اکتوبر 2020ء

**KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS:**

| Description | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------------------|---------------|---------------|---------------|---------------|---------------|
| | -----Rupees----- | | | | | |
| Earning and Distribution | | | | | | |
| Sale-net | - | - | 277,110,604 | 597,279,585 | 1,129,820,767 | 1,266,758,386 |
| Profit / (loss) before Tax | (30,745,414) | (32,203,772) | (168,658,115) | (160,932,575) | (245,286,740) | (187,698,407) |
| Tax | - | - | (2,772,714) | 7,822,472 | 61,810,085 | 62,227,639 |
| Net Earning / (loss) | (30,745,414) | (32,203,772) | (171,430,829) | (153,110,103) | (183,476,655) | (125,470,768) |
| Dividend | - | - | - | - | - | - |
| Retained (used) in Business | (30,745,414) | (32,203,772) | (171,430,829) | (153,110,103) | (183,476,655) | (125,470,768) |
| Net Earning / (loss) per share | (6.88) | (7.21) | (38.38) | (34.28) | (41.07) | (28.09) |
| P/E Ratio | (0.28) | (0.28) | (0.05) | (0.12) | (0.12) | (0.25) |
| Dividend declared per share | - | - | - | - | - | - |
| Break up value per share | (78.45) | (71.57) | (64.36) | (25.98) | 7.36 | 48.60 |
| Financial Position | | | | | | |
| Share Capital | 44,670,360 | 44,670,360 | 44,670,360 | 44,670,360 | 44,670,360 | 44,670,360 |
| Accumulated Profit / (loss) | (698,242,076) | (678,902,552) | (658,890,660) | (499,445,440) | (363,511,942) | (192,963,611) |
| Surplus on revaluation of fixed Assets | 303,123,080 | 314,528,970 | 326,720,850 | 338,706,459 | 351,704,020 | 365,385,664 |
| | (350,448,636) | (319,703,222) | (287,499,450) | (116,068,621) | 32,862,438 | 217,092,413 |
| Long term loans & deferred liabilities | 191,263,983 | 192,093,954 | 201,614,275 | 226,269,072 | 333,352,886 | 431,365,267 |
| Total Capital Employed | (159,184,653) | (127,609,268) | (85,885,175) | 110,200,451 | 366,215,325 | 648,457,680 |
| Represented | | | | | | |
| Fixed Assets | 664,153,934 | 694,591,448 | 726,695,219 | 761,062,187 | 796,071,755 | 827,231,473 |
| Long term Deposit | 16,467,060 | 16,467,060 | 16,467,060 | 16,467,060 | 7,029,480 | 7,029,480 |
| Net Current Assets / (Current Liabilities) | (839,805,647) | (838,667,776) | (829,047,454) | (667,328,796) | (436,885,911) | (185,803,273) |



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

1. The total number of director sare seven as per thefollowing

| Sr.No | Category | Gender | Total |
|-------|------------------------|--------|-------|
| (i) | Independent Director | Male | 3 |
| (ii) | Executive Director | Male | 1 |
| (iii) | Non-Executive Director | Male | 3 |

2. Thecompositionofboardisasfollows:

| Category | Names |
|------------------------|---|
| Independent Director | Mr.AbdulShakoor, Mr.MuhammadAkram, Mr. Naveed Ahmed |
| Executive Director | Mr.Noman Almas |
| Non-Executive Director | Mr. Muhammad Fiaz, Mr.MuhammadRamzan, Mr.Zahid Ali |

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it through out the company along with its supporting policies and procedures.
5. The board has developed avision/mission statement, over all corporate strategy and sign if I cant policies of the company. A complete record of particulars of sign ificant policies along with the dates son which the were approved or a mended has been main tained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have beentaken by board/share holders as empowered by the relevant provisions of the Actand these Regulations.
7. The meetings of the board we represided over by the Chairmanand,in his absence,by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a form alpolicy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The board has arranged directors training program for Mr.Noman Almas and he got certification as Certified Director (as required by the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan) in November, 2014 under director training program held by the University of Lahore.
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 dulyendorsedthefinancialstatementsbeforeapprovaloftheboard.
12. Audit Committee

The board has formed an Audit Committee. It comprises **three** members, of whom **two** are independent directors and one is Non-Executive director. The chairman of the committee is an independent director.

Meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance

The board has formed committees comprising of members given below:

| Name | Category |
|-------------------|-------------------------------|
| Mr. Naveed Ahmed | Chairman-Independent director |
| Mr. Abdul Shakoor | Independent director |
| Mr. Zahid Ali | Non-Executive Director |

- a) HR and Remuneration Committee

The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.

The board has formed committees comprising of members given below:



| Name | Category |
|---------------------|-------------------------------|
| Mr. Muhammad Akram | Chairman-Independent director |
| Mr. Muhammad Fiaz | Non-Executive Director |
| Mr. Muhammad Ramzan | Non-Executive Director |

13. The terms of reference of the afore said committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/halfyearly/yearly) of the committee were as per following:
 - a) Audit Committee 05
 - b) HR and Remuneration Committee 05
15. The board has setup an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given as at its factory 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.

For and On Behalf of Board of Directors.

Lahore:

Dated: October 05, 2020

(Muhammad Fiaz)
Chairman

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
SALMAN NOMAN ENTERPRISES LIMITED**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **SALMAN NOMAN ENTERPRISES LIMITED** (the Company) for the year ended June 30, 2020 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.

Because of the limitation of scope as highlighted in paragraph below, we do not express any conclusion on the annexed statement of compliance.

- (a) Management has not provided us the documents for review, as prepared by the Company to comply with the Regulations consequently, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for conclusion on statement of compliance.

We have also expressed disclaimer of opinion in our audit report to the financial statements for the year ended 30 June 2020.

KAMRAN & CO
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER: KAMIL FATAH (FCA)

LAHORE
05th OCTOBER 2020



**INDEPENDENT AUDITORS; REPORT TO THE MEMBERS OF
SALMAN NOMAN ENTERPRISES LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Disclaimer of Opinion

We were engaged to audit the annexed financial statements of Salman Noman Enterprises Limited (the Company), which comprise the statements of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Disclaimer of Opinion

a) As reported in note 1.1 of these financial statements, the Company has ceased its operations since February 2018. During the year, the Company incurred loss amounting to Rs.30.745 million (June 30, 2019: Rs.32.204million) and accumulated losses raised to Rs.698.242million (June 30, 2019: Rs.678.90 million) at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs.839.806 million (June 30, 2019: Rs.838.667 million) at the year end. This situation may result in severe liquidity crisis and inability of the Company to comply with loan agreements and inability to pay long term financing from financial institutions amounting to Rs.147.868 million, short term borrowing amounting to Rs.168.691 million and accrued mark-up Rs.134.602 million. These conditions along with adverse key financial ratios indicate the existence of material uncertainty which may cast significant doubt about 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 business. However, these financial statements have been prepared on going concern assumption, but management has not prepared and provided to us any cash flow projections and future plans for revival of its operations.

b) We could not verify the existence of property, plant and equipment amounting to Rs.302.116 million as at June 30,2020 as no data and records were provided for our verification. These also could not be verified through other corroborative audit evidences.;

c) Revaluation of free hold land, building and plant and machinery has not been carried out with sufficient regularity as required under paragraph 34 of IAS 16 "Property, Plant and Equipment".As per the Company's adopted practice, revaluation was due in current year. We remain unable to determine whether any adjustment is necessary in carrying value of these assets on account of revaluation deficit/surplus;

d) Management has not provided to us the data and records for verification of 'Long term deposits' having reported carrying value of Rs.16.467 million. We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;

e) We have not been able to observe the physical stock taking of inventories as at June 30, 2020and no data and records were provided to us for verification. We were unable to obtain sufficient appropriate audit evidence about existence, physical condition and reported carrying values of 'Stores Spare Parts & Loose tools' and 'Stock in Trade' amounting to Rs.30.453 million and Rs.90.012 million respectively. We remain unable to verify these balances by applying other alternate audit procedures as the information was no provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;

f) Management has not provided to us the data and records for verification of 'Trade debts' and 'Trade Creditors' having reported carrying value of Rs.2.448 million and Rs.219.165 million respectively. We have not been able to circulate letter for external confirmations to customers and suppliers because we were not provided with the relevant details. We remain unable to verify these balances by applying other alternate audit procedure as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;

g) Management has not provided to us the data and records for verification of 'Trade deposits and short term prepayments, Tax refunds due from Government, withholding tax payable and Provision for taxation' having reported carrying value of Rs.1.850 million, Rs.35.269 million Rs.25.846 million and Rs.10.652 million respectively. We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;

h) Management has not provided to us the records and bank statements for verification of Long term financing from banking companies amounting to Rs.149.511 million, liabilities against assets subject to finance lease amounting to Rs.81.855 million, long term financing from directors and others amounting to Rs.138.683 million, long term loans from others amounting to Rs.49.658 million, short term borrowings amounting to Rs.176.898 million, foreign bills payable amounting to Rs.67.148 million, accrued mark-up/ interest on these financing arrangements amounting to Rs.134.601 million and cash at bank amounting to Rs.0.252 million. We have not been able to circulate letter for external confirmations to banks, directors and others because we were not provided with the relevant details. We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;



- i) Management has not provided to us the data and records for verification of Surplus On Revaluation on property, plant and equipment having reported carrying value of Rs.303.123 million. We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;
- j) The long term finances from related parties amounting to Rs. 138.684 million remain unverified in the absence of relevant records, loan agreements and confirmation of balances from directors of the Company.
- k) Management has not provided to us the data and records for verification of deferred liabilities having carrying value of Rs.4.074 million and other current liabilities having carrying values of Rs.445.319 million. We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;
- l) We have not been able to circulate letter for external confirmations to Legal Advisor because we were not provided with the relevant details. We were unable to determine the impact of expected outcome of outstanding litigations on these financial statements because we were not allowed to communicate with legal advisor of the company;
- m) These financial statements have not been prepared in accordance with the requirements of Companies Act, 2017, International financial reporting standards and disclosure requirements of Fourth Schedule of Companies Act, 2017 are not complied with;
- n) We have not been able to verify to all supplementary information given in the notes to the financial statements because management has not provided us the relevant records and;
- o) The Company's accounting policy on revaluation surplus on property plant and equipment and related disclosures are not in accordance with the requirements of International Accounting Standard (IAS-16) "Property Plant and Equipment".

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing as applicable in Pakistan and to issue an auditor's report. However, because of matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the company in accordance with the ethical requirement that are relevant to our audit of financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Report on Other Legal and Regulatory Requirements

We further report that because of non-availability of relevant records, we do not express any opinion as to whether:

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

The engagement partner on the audit resulting in this independent auditor's report is Kamil Fatah, (FCA).



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

| | | 2020 | 2019 |
|---|------|----------------------|----------------------|
| | Note | ----- Rupees ----- | |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Share capital | 7 | 44,670,360 | 44,670,360 |
| Accumulated loss | | (698,242,076) | (678,902,552) |
| Surplus on revaluation of property, plant and equipment | 8 | 303,123,080 | 314,528,970 |
| | | <u>(350,448,636)</u> | <u>(319,703,222)</u> |
| Non-current liabilities | | | |
| Long-term finances from financial institutions | 9 | 48,505,746 | 48,505,746 |
| Liabilities against assets subject to finance lease | 10 | - | 829,971 |
| Long-term finances from related parties | 11 | 138,683,905 | 138,683,905 |
| Deferred liabilities | 12 | 4,074,332 | 4,074,332 |
| Long term loans from others | 13 | - | - |
| | | <u>191,263,983</u> | <u>192,093,954</u> |
| Current liabilities | | | |
| Trade and other payables | 14 | 445,419,693 | 445,319,693 |
| Mark-up accrued on borrowings | 15 | 134,601,511 | 134,601,511 |
| Short-term borrowings from financial institutions | 16 | 168,690,537 | 168,690,537 |
| Short-term borrowings from related parties | 17 | 8,207,900 | 8,000,000 |
| Current portion of long-term finances | 18 | 232,519,909 | 231,689,938 |
| Provision for taxation | | 10,652,251 | 10,652,251 |
| | | <u>1,000,091,801</u> | <u>998,953,930</u> |
| Contingencies and commitments | 19 | - | - |
| | | <u>840,907,149</u> | <u>871,344,663</u> |

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

| | | 2020 | 2019 |
|-------------------------------------|------|--------------------|--------------------|
| ASSETS | Note | ----- Rupees ----- | |
| Non-current assets | | | |
| Property, plant and equipment | 20 | 664,153,934 | 694,591,448 |
| Long-term deposits | 21 | 16,467,060 | 16,467,060 |
| | | <u>680,620,994</u> | <u>711,058,508</u> |
| Current assets | | | |
| Stores, spare parts and loose tools | 22 | 30,453,008 | 30,453,008 |
| Stock in trade | 23 | 90,012,572 | 90,012,572 |
| Trade debts | 24 | 2,448,541 | 2,448,541 |
| Trade deposits and prepayments | 25 | 1,850,000 | 1,850,000 |
| Balances due from government | 26 | 35,269,523 | 35,269,523 |
| Cash and bank balances | 27 | 252,511 | 252,511 |
| | | <u>160,286,155</u> | <u>160,286,155</u> |
| | | <u>840,907,149</u> | <u>871,344,663</u> |

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHANSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 ----- Rupees ----- | 2019 ----- Rupees ----- |
|---|------|----------------------------|----------------------------|
| Depreciation on property, plant and equipment | 28 | 30,437,514 | 32,103,772 |
| Administrative and general expenses | 29 | 307,900 | 100,000 |
| | | 30,745,414 | 32,203,772 |
| Profit / (Loss) before taxation | | (30,745,414) | (32,203,772) |
| Taxation | 30 | - | - |
| Loss after taxation | | (30,745,414) | (32,203,772) |
| | | (Rupees) | (Rupees) |
| Loss per share (basic and anti-dilutive) | 31 | (6.88) | (7.21) |

The annexed notes from 1 to 40 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 ----- Rupees ----- | 2019 ----- Rupees ----- |
|--|------|----------------------------|----------------------------|
| Loss for the year | | (30,745,414) | (32,203,772) |
| Other comprehensive income for the year | | - | - |
| Total comprehensive loss for the year | | (30,745,414) | (32,203,772) |

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 ----- Rupees ----- | 2019 ----- |
|--|------|----------------------------|-----------------------|
| A Cash flow from operating activities | | | |
| Loss before taxation | | (30,745,414) | (32,203,772) |
| Add / (Less): Adjustment for non-cash items: | | | |
| Depreciation on property, plant and equipment | 20.3 | 30,437,514 | 32,103,772 |
| Operating loss before working capital changes | | <u>(307,900)</u> | <u>(100,000)</u> |
| Working capital changes increase in trade and other payables | | <u>100,000</u> | <u>100,000</u> |
| Net cash used in operating activities | | <u><u>(207,900)</u></u> | <u><u>-</u></u> |
| B Cash flow from financing activities | | | |
| Short term borrowings from associated undertakings | | <u>207,900</u> | <u>-</u> |
| Net cash in flow from financing activities | | <u><u>207,900</u></u> | <u><u>-</u></u> |
| Net (decrease) in cash and cash equivalents (A+B) | | <u><u>-</u></u> | <u><u>-</u></u> |
| Cash and cash equivalents at beginning of the year | 27 | <u>252,511</u> | <u>252,511</u> |
| Cash and cash equivalents at end of the year | 27 | <u><u>252,511</u></u> | <u><u>252,511</u></u> |

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

| | Share Capital | Accumulated loss | Revaluation surplus on property, plant and equipment | Total Equity |
|--|-------------------|----------------------|--|----------------------|
| | Rupees | | | |
| As at 30 June 2018 | 44,670,360 | (658,704,981) | 326,535,171 | (287,499,450) |
| Total comprehensive loss for the year | - | (32,203,772) | - | (32,203,772) |
| Incremental depreciation on revaluation of property, plant and equipment for the year | - | 12,006,201 | (12,006,201) | - |
| As at 30 June 2019 | 44,670,360 | (678,902,552) | 314,528,970 | (319,703,222) |
| Total comprehensive loss for the year | - | (30,745,414) | - | (30,745,414) |
| Incremental depreciation on revaluation of property, plant and equipment for the year | - | 11,405,890 | (11,405,890) | - |
| As at 30 June 2020 | 44,670,360 | (698,242,076) | 303,123,080 | (350,448,636) |

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1 STATUS AND ACTIVITIES

Salman Noman Enterprises Limited ('the Company') is a public limited company incorporated under the Companies Ordinance, 1984 (now Companies Act, 2017) and listed at Pakistani Stock Exchange (formerly Karachi and Lahore Stock Exchanges). The registered office of the Company is situated at 03 Kilometer Bhair Pheru, Tehsil Chunian, District Kasur. The Company was engaged in manufacturing and sale of yarn. The Company had ceased its operations since February 2018.

1.1 Going concern assumption

The Company incurred a net loss of Rs. 30.75 million (2019: Rs. 32.20 million) resulting in accumulated losses of Rs. 698.24 million at the close of the year ended 30 June 2020. The Company's current liabilities exceed its current assets by Rs. 839.81 million (2019: Rs. 838.67 million).

These conditions along with adverse key financial ratios, the Company's inability to comply with loan agreements and inability to pay long-term financing on due dates indicate the existence of a material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements, however, have been prepared under the going concern assumptions based on the following mitigating factors:

- a) It has been another tough year for textile industry. The Company has ceased its operations since February 2018. We suffered heavy losses not only due to market conditions and also due to shutdown of mill.
- b) We are planning to run our new frames with our full production capacity to get maximum production. We will not use old machines which consumes more man power and electricity and produce less comparatively.
- c) Overall season of cotton is very good this year. We are expecting record cotton production in this season, which is good news for textile sector. It will help our industry to run on its own available cotton rather than to import at higher rates from abroad.
- d) We are planning to produce more specialized yarn which will help us to have more profitability.
- e) We are also hopeful that next financial year will be better not only for us but for overall textile sector as the Government is planning to revive this sector by making reforms in this sector.

The management anticipates that above steps will not only bring the Company out of existing financial crisis but also contribute significantly towards the improvement of the Company's financial position in the foreseeable future.

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

There is no significant transaction or event occurred during the year.

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

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

**6.2 Surplus on revaluation of fixed assets**

A revaluation surplus is recorded in other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, the increase is recorded in the statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognised in the statement of profit or loss however, a decrease is recorded in statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same assets. An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost.

6.3 Employee retirement benefits (gratuity)

The Company was operating an unfunded and unapproved gratuity scheme (defined benefit plan) for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

As the company has ceased its operations and accordingly, the company has stop providing for employee retirement benefits and amount no longer payable to employees had been written back. Hence, had not provided additional disclosures required under IAS 19.

6.4 Taxation

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

Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalized during the year.

Deferred

As the Company has ceased its operations during the year, hence the Company has not provided any further charge of deferred tax except the deferred tax liability over revaluation surplus created over assets of the Company in their financial statements. The charge of deferred tax will be eliminated at the time of the actual adjustment of total income tax liability of the Company.

6.5 Borrowings and borrowing costs

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on an accrual basis and are included in markup accrued on loans and other payables to the extent of amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent the borrowings costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

6.6 Financial Instruments**Financial liabilities**

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

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

**Financial assets****a) Initial measurement**

The Company classifies its financial assets in the following categories:

- (i) at fair value through profit or loss
- (ii) at fair value through comprehensive income
- (iii) measured at amortized cost

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition.

b) Subsequent measurement

The financial assets are subsequently measured as follows:

- | | |
|--|--|
| (i) Financial assets at fair value through profit and loss | These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss. |
| (ii) Financial assets measured at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. |
| (iii) Debt investments at fair value through other comprehensive income | These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss. |
| (iv) Equity investments at fair value through other comprehensive income | These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss. |

6.7 Trade and other payable**a) Financial liabilities**

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

b) Non-financial liabilities

These on initial recognition and subsequently are measured at cost.

6.8 Long term deposits

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

6.9 Stores, spare parts and loose tools

These are normally held for internal use and valued at moving average cost less allowances for obsolete and slow moving items except stores in transit which are valued at invoice values plus other charges incurred thereon up to the balance sheet date. For items which are slow moving and/ or identified as surplus to the Company's requirements, adequate impairment is recognized. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.



6.10 Stock-in-trade

Basis of valuations are as follows:

| Particulars | Mode of Valuation |
|-----------------------------|--|
| Raw material - at warehouse | at lower of weighted average cost and net realizable value |
| - in transit | at cost accumulated to the balance sheet date |
| Work-in-process | at estimated manufacturing cost |
| Finished goods | at lower of cost and net realizable value |
| Waste | at realizable value |

Cost in relation to work-in-process and finished goods represents average manufacturing cost which consists of prime cost and proportion of manufacturing overheads based on normal capacity. Net realizable value signifies selling price in ordinary course of business less estimated costs of completion and estimated cost necessary to make the sale.

6.11 Cash and cash equivalents

Cash and cash equivalents are carried in the financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks and short-term deposits which are held to maturity.

6.12 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

6.13 Impairment

a) Financial assets

The Company recognizes loss allowances for expected credit losses in respect of financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured at 12 months expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime expected credit losses are the losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.



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

b) Non-financial assets

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

6.14 Provisions

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

6.15 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

6.16 Related party transactions

Related party transactions are carried out on an arm's length basis. Pricing for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller. The accounting methods adopted for various types of transactions and balances with related parties are as follows:

a) Sale of goods and services

Revenue from sale of goods and services to related parties is recognized in accordance with the revenue recognition policy of the Company for such transactions. Receivables against sale of goods outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

b) Purchases of goods and services

Purchases of goods from related parties are recognized at actual cost to the Company. Payables against purchases from related parties outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

c) Dividend distribution

Distribution to related parties having shareholding in the Company is recognized in accordance with the accounting policy of the Company for dividend distribution to ordinary shareholders.

6.17 Determination of fair value

A number of Company's accounting policies require determination of fair value, for both financial and non-financial assets and liabilities. Fair values of assets and liabilities is determined as follows:

a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future net cash in flows, discounted at the market rate of interest at the reporting date.

**b) Trade and other payables**

The fair value of trade and other payables is estimated as the present value of future net cash out flows, discounted at the market rate of interest at the reporting date.

c) Borrowings

The fair value of borrowings is determined using effective interest method.

6.18 Figures

Figures have been rounded off to the nearest of rupee.

| | 2020 | 2019 | 2020 | 2019 |
|---|--|-------------------|--------------------|--------------------|
| | ----- Number of shares ----- | | ----- Rupees ----- | |
| 7 SHARE CAPITAL | | | | |
| Authorized capital | | | | |
| Ordinary shares of Rs. 10 each | <u>10,000,000</u> | <u>10,000,000</u> | <u>100,000,000</u> | <u>100,000,000</u> |
| Issued subscribed and paid up capital | | | | |
| Ordinary shares of Rs. 10 each | | | | |
| - fully paid in cash | <u>4,467,036</u> | <u>4,467,036</u> | <u>44,670,360</u> | <u>44,670,360</u> |
| 7.1 | The shareholders' are entitled to receive all distributed to them including dividend and other entitlements in the form of bonus shares and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction. | | | |
| 7.2 | There is no movement in share capital during the year: | | | |
| | | | 2020 | 2019 |
| | | | ----- Rupees ----- | |
| 8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | | | | |
| Surplus on revaluation of property, plant and equipment | - note 8.1 | | <u>303,123,080</u> | <u>314,528,970</u> |
| | | | <u>303,123,080</u> | <u>314,528,970</u> |
| 8.1 Company's own assets - net of deferred tax | | | | |
| At the beginning of the year | | | <u>414,897,998</u> | <u>426,904,199</u> |
| Transfer to unappropriated profit in respect of: | | | | |
| - Incremental depreciation on revalued assets | | | <u>11,405,890</u> | <u>12,006,201</u> |
| - Related deferred tax liability | | | <u>-</u> | <u>-</u> |
| | | | <u>11,405,890</u> | <u>12,006,201</u> |
| | | | <u>403,492,108</u> | <u>414,897,998</u> |
| Related deferred tax liabilities: | | | | |
| - At beginning of the year | | | <u>100,369,028</u> | <u>100,369,028</u> |
| - Incremental depreciation on revalued assets | | | <u>-</u> | <u>-</u> |
| | | | <u>100,369,028</u> | <u>100,369,028</u> |
| | | | <u>303,123,080</u> | <u>314,528,970</u> |
| 9 LONG-TERM FINANCES FROM FINANCIAL INSTITUTIONS | | | | |
| Mark-up bearing secured finances from financial institutions | | | | |
| Soneri Bank Limited | - note 9.1 | | <u>122,353,746</u> | <u>122,353,746</u> |
| National Bank of Pakistan | - note 9.2 | | <u>27,158,199</u> | <u>27,158,199</u> |
| | | | <u>149,511,945</u> | <u>149,511,945</u> |
| Less: Long-term finances transferred to current liabilities | | | | |
| Current Maturity | | | <u>101,006,199</u> | <u>101,006,199</u> |
| Overdue portion of long-term finances | | | <u>101,006,199</u> | <u>101,006,199</u> |
| | | | <u>48,505,746</u> | <u>48,505,746</u> |



| | 2020 | 2019 |
|---|--------------------|--------------------|
| | ----- Rupees ----- | |
| 9.1 Soneri Bank Limited | | |
| Term Finance - I | 85,095,606 | 85,095,606 |
| Term Finance - II (Frozen Mark-up) | 37,258,140 | 37,258,140 |
| | 122,353,746 | 122,353,746 |
| | 2020 | 2019 |
| | ----- Rupees ----- | |
| 9.2 National Bank of Pakistan | | |
| Demand Finance - I | 22,126,199 | 22,126,199 |
| Demand Finance - II | 5,032,000 | 5,032,000 |
| | 27,158,199 | 27,158,199 |
| 9.3 The movement in long-term finances is as under: | | |
| At beginning of the year | 149,511,945 | 149,511,945 |
| Less: Paid during the year | - | - |
| | 149,511,945 | 149,511,945 |
| Less: Long-term finances transferred to current liabilities | | |
| Current Maturity | 101,006,199 | 101,006,199 |
| Overdue portion of long-term finances | 101,006,199 | 101,006,199 |
| | 48,505,746 | 48,505,746 |

The detail description with terms of finances with each financial institution is as under -

| Description | Interest | Security | Other terms and conditions | 2020 | 2019 |
|---------------------------|--|--|--|--------------------|--------------------|
| | | | Arrangements and repayments | ----- Rupees ----- | |
| Soneri Bank Limited | 1 month kibar + 2.00% (2019: 1 month kibar + 2.00%) | The loan is secured against joint pari passu charges of Rs. 485,666,667 (Soneri Bank Limited share of Rs. 164,000,000) on all the present and future fixed assets (both movabale and immovable) of the Company, Equitable mortgage with legal mortgage on House no. 41, Block-L, Gulberg-III, Lahore in the name of Mr. Noman Almas valuing Rs. 55,000,000 and personal guarantee of sponsoring directors. | This term finance was obtained to pay off import bills of the Company related to BMRE. The Company has made down payment of Rs. 2.00 million and remaining outstanding amount will be repayable in 12 equal installments of Rs. 1.5 million and 96 equal monthly installments of Rs. 0.896 million along with markup due from the month of March 2014. | 85,095,606 | 85,095,606 |
| | | | Term Finance 2 (frozen mark-up) which stands overdue and was payable in seventy five (75) equal monthly installments commenced from January 2016. | 37,258,140 | 37,258,140 |
| National Bank of Pakistan | 3 months kibar + 2.50% (2019: 3 month kibar + 2.50%) | The facility is secured against first joint pari passu charge of Rs. 135 million on fixed assets of the Company and personal guarantee of the sponsoring directors of the Company. | This demand finance obtained for import/inland letter of credit of 90 days. The loan is repayable in 12 equal quaterly installments of Rs. 4.426 million each (started from June 30, 2013). | 22,126,199 | 22,126,199 |
| | | | Demand Finance 2 (frozen mark-up) which stands overdue and was payable in ten (10) equal monthly installments commenced from December 2013. | 5,032,000 | 5,032,000 |
| | | | | 149,511,945 | 149,511,945 |

**10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

| | | |
|---|------------|------------|
| Present value of minimum lease payments | 81,855,397 | 81,855,397 |
| Less: Current portion of obligation | 81,855,397 | 81,025,426 |
| | - | 829,971 |

The Company has entered into lease agreements with Al Baraka Bank (Pakistan) Limited for acquisition of plant and machinery. It carries mark-up at 6 months KIBOR (flat) applicable after repayment of 24th installment of principal (2019: 6 months KIBOR (flat) applicable after repayment of 24th installment of principal). These are secured against joint pari passu charges of Rs. 485,666,667 (Al Baraka Bank Share of Rs. 21,000,000) on all the present and future fixed assets (both movable and immovable) of the Company, exclusive ownership of the asset under Ijarah, assignment of insurance policy of assets under Ijarah in favor of ABBPL, 10% key money of Ijarah value and personal guarantees of the sponsoring directors. It also includes frozen mark-up amounting to Rs. 8.335 million.

The Company has entered into lease agreements with First National Bank Modarba for acquisition of plant and machinery. It carries mark-up at 6 months KIBOR plus 3% (2019: 6 months KIBOR plus 3%). These are secured against title over leased assets, 20% security deposit of the facility amount, ranking modified charges of Rs. 66,474,666 reduced from Rs. 84,141,333 over the movable and immovable assets and all present and future fixed assets of the Company and personal guarantees of sponsoring directors. It also includes frozen mark-up amounting to Rs. 7.823 million.

The Company has entered into lease agreements with Habib Metropolitan Bank Limited for acquisition of plant and machinery. It carries mark-up at 3 months KIBOR plus 1% (2019: 3 months KIBOR plus 1%). These are secured against title over leased assets, ranking hypothecation charge over stock and receivable of Rs. 16 million duly insured in bank favor, ranking hypothecation charge for Rs. 18.5 million over specific machinery consisting two sets Haras high speed drawing frame with all the standard accessories has already registered with SECP with 25% margin and personal guarantess of directors. It also includes frozen mark-up amounting to Rs. 2.170 million.

| | 2020 | 2019 |
|---|--------------------|------------|
| | ----- Rupees ----- | |
| 10.1 Movement during the year is as follows: | | |
| At beginning of the year | 81,855,397 | 81,855,397 |
| At end of the year | 81,855,397 | 81,855,397 |

10.2 Reconciliation of minimum lease payments with its present value is as follows:

| | 2020 | | |
|---|------------------------|---------------------|---------------------------------|
| | Minimum lease payments | Future finance cost | Present value of lease payments |
| | ----- Rupees ----- | | |
| Not later than 1 year | 93,441,246 | 11,585,849 | 81,855,397 |
| Later than 1 but not later than 5 years | - | - | - |
| | 93,441,246 | 11,585,849 | 81,855,397 |
| | 2019 | | |
| | Minimum lease payments | Future finance cost | Present value of lease payments |
| | ----- Rupees ----- | | |
| Not later than 1 year | 92,517,592 | 11,492,166 | 81,025,426 |
| Later than 1 but not later than 5 years | 923,654 | 93,683 | 829,971 |
| | 93,441,246 | 11,585,849 | 81,855,397 |



| | | 2020 | 2019 |
|-------------|--|--------------------|--------------------|
| | | ----- Rupees ----- | |
| 11 | LONG-TERM FINANCES FROM RELATED PARTIES | | |
| | <i>From related parties - unsecured</i> | | |
| | Loan from related parties | <u>138,683,905</u> | <u>138,683,905</u> |
| 11.1 | Loan from related parties | | |
| | As at June 30, 2015, the management of the Company has entered into agreement with directors and decided repayment terms of unsecured loan (previously repayment of the loan were not determined). According to the agreement, the tenure of loans is fifteen years with grace period of five years. These loans are unsecured and carrying markup of one month Kibor plus 0.5 percent (June 30, 2019: one month Kibor plus 0.5 percent) payable annually from July 1, 2015. The outstanding amount will be repayable in 10 equal annual installments of Rs. 13.868 million each (Starting from June 30, 2021 and ending on June 30, 2030). These includes amount of Rs. 138.683 million (June 30, 2019: Rs. 138,683) as subordinated to the loans from banking companies. | | |
| | | 2020 | 2019 |
| | | ----- Rupees ----- | |
| 12 | DEFERRED LIABILITIES | | |
| | Employee retirement benefits - note 12.1 | 4,074,332 | 4,074,332 |
| | Deferred taxation - note 12.2 | - | - |
| | | <u>4,074,332</u> | <u>4,074,332</u> |
| 12.1 | Employee retirement benefits | | |
| | As the company has ceased its operations and accordingly, the company has stop providing for employee retirement benefits . Hence, had not provided additional disclosures required under IAS 19. | | |
| 12.2 | Deferred taxation | | |
| | As the future taxable profits are not available to the Company hence no deferred tax asset is recognized in the financial statements. | | |
| | | 2020 | 2019 |
| | | ----- Rupees ----- | |
| 13 | LONG TERM LOANS FROM OTHERS | | |
| | Long term loans from others - unsecured | <u>-</u> | <u>-</u> |
| 13.1 | These are unsecured loans from parties carrying mark-up at three months kibor (2019: 3 months KIBOR) per annum. These loans were payable on various dates in January 2018, therefore transferred to current maturity. | | |
| | | 2020 | 2019 |
| | | ----- Rupees ----- | |
| 14 | TRADE AND OTHER PAYABLES | | |
| | Creditors | 219,165,081 | 219,165,081 |
| | Accrued liabilities | 112,387,875 | 112,287,875 |
| | Workers' welfare fund | 104,374 | 104,374 |
| | Workers' profit participation fund | 10,870,292 | 10,870,292 |
| | Unclaimed dividend | 179,651 | 179,651 |
| | Withholding tax payable | 25,846,764 | 25,846,764 |
| | Bills payable - foreign LC's payable | 67,148,573 | 67,148,573 |
| | Staff retirement benefits - gratuity matured | 9,717,083 | 9,717,083 |
| | | <u>445,419,693</u> | <u>445,319,693</u> |
| 15 | MARK-UP ACCRUED ON BORROWINGS | | |
| | Long term finances | 77,799,331 | 77,799,331 |
| | Short-term borrowings | 40,588,647 | 40,588,647 |
| | Liabilities against assets subject to finance lease | 16,213,533 | 16,213,533 |
| | | <u>134,601,511</u> | <u>134,601,511</u> |



| | | ----- Sanctioned Limits ----- | | ----- Amount Availed ----- | |
|----|---|-------------------------------|--------------------|----------------------------|--------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| | | ----- Rupees ----- | | ----- Rupees ----- | |
| 16 | SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS | | | | |
| | <i>Secured - from banking companies</i> | | | | |
| | Running finance | - note 16.1 | 270,667,000 | 270,667,000 | 151,500,976 |
| | Forced demand draft-Guarantee | - note 16.2 | | | 17,189,561 |
| | | | <u>270,667,000</u> | <u>270,667,000</u> | <u>168,690,537</u> |

16.1 Running finance

Various banks have sanctioned credit facilities of Rs. 270.667 million (2019 : Rs. 270.667 million) for working capital requirements which were expired and had not been renewed by the financial institutions. These facilities carried markup ranging from 8.50% to 20.00% (2019 : 8.50% to 20.00%) per annum. These were secured against first pari passu charge on current assets and fixed assets, ranking charge over all present and future current assets of the Company and personal guarantees of the directors of the Company.

16.2 Forced demand draft-Guarantee

This represents the amount payable in respect of bank guarantee encashed, which was given by the bank to SNGPL on behalf of the Company. Markup has been charged on the amount outstanding at three month KIBOR plus 2.5% during current year.

| | | 2020 | 2019 |
|-----------|---|--------------------|------------------|
| | | ----- Rupees ----- | |
| 17 | SHORT-TERM BORROWINGS FROM RELATED PARTIES | | |
| | Borrowings from related parties - note 17.1 | <u>8,207,900</u> | <u>8,000,000</u> |

17.1 Loan from associated undertakings

This represents unsecured and interest free borrowings from related parties of the Company. The loan is payable on demand with mutual consent of management of the Company, therefore, the loan is classified under current liabilities. Maximum aggregate balance at the end of any month during the year was Rs. 8.207 million (2019: 8 million).

| | | 2020 | 2019 |
|-----------|---|--------------------|--------------------|
| | | ----- Rupees ----- | |
| 18 | CURRENT PORTION OF LONG-TERM FINANCES | | |
| | Long-term finances - note 9 | 101,006,199 | 101,006,199 |
| | Liabilities against assets subject to finance lease - note 10 | 81,855,397 | 81,025,426 |
| | Long term loans from others - note 11 | 49,658,313 | 49,658,313 |
| | | <u>232,519,909</u> | <u>231,689,938</u> |

19 CONTINGENCIES AND COMMITMENTS

- Bank guarantee issued by the National Bank of Pakistan has been encashed during the period 2016-2017 for payment of sui gas bill and a demand draft has been created by the bank.
- Al - Baraka (Pakistan) Limited has filed Suit No. 588/1, Dated: 16-09-2015 against the Company under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 38,740,919/-, which includes cost price, taxes etc. till realization of whole amount before the Banking Court, Lahore. The Company has acknowledged its liability as per loan agreement but the amount of principal and mark-up is not reconciled with the financial institutions in accordance with the above mentioned suit. The matter is still pending in the court. Management expects that matter shall be resolved through restructuring agreement of outstanding liability.



- c) Soneri Bank Limited has filed Suit No. 65/20150, Dated: 29-10-2015 against the Company under section 16 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 38,740,919/-, which includes cost and cost of funds before Honorable Lahore High Court, Lahore. The Company has acknowledged its liability as per loan agreement but the amount of principal and mark-up is not reconciled with the financial institutions in accordance with the above mentioned suit. The matter is still pending in the court.
- d) National Bank of Pakistan has filed suit No.21/2017 against the Company before the Lahore High Court, Lahore, wherein the bank has claimed the recovery of Rs.234.986 million. The management is responding diligently to this case.
- d) Company has filed suit against First National Bank Modarba regarding lease of Gen-sets along with claim of Damages of Rs. 49,825,889/-. This suit was erroneously dismissed by the Banking Court No. III, Lahore, against which the appeal has been filed before the Lahore High Court, Lahore. There is no scope of any fiscal loss to the Company in this case. The management is diligently pursuing this case.
- e) Company has filed suit against First National Bank Modarba regarding Murabha facility along with claim of Damages of Rs. 49,765,300/-. This suit was erroneously dismissed by the Banking Court No. III, Lahore, against which the appeal has been filed before the Lahore High Court, Lahore. There is no scope of any fiscal loss to the Company in this case. The management is diligently pursuing this case.

20 PROPERTY, PLANT AND EQUIPMENT

20.1 Reconciliation of carrying values at end and beginning of the year

| PARTICULARS | COST / REVALUED AMOUNTS | | | DEPRECIATION | | | BOOK VALUE | Annual rate of dep. |
|-----------------------------|--------------------------|-------------------------|----------------------|--------------------------|---------------------|--------------------|--------------------|---------------------|
| | At beginning of the year | Additions / (Disposals) | At end of the year | At beginning of the year | Charge for the year | At end of the year | At end of the year | |
| Rupees | | | | | | | | % age |
| As at 30 June 2020 | | | | | | | | |
| Freehold land | 94,815,000 | - | 94,815,000 | - | - | - | 94,815,000 | - |
| Buildings on freehold land | 276,770,457 | - | 276,770,457 | 165,078,025 | 5,584,622 | 170,662,647 | 106,107,810 | 5.00 |
| Plant and machinery | 709,969,698 | - | 709,969,698 | 391,952,856 | 15,900,842 | 407,853,698 | 302,116,000 | 5.00 |
| Electric installation | 17,657,010 | - | 17,657,010 | 12,224,701 | 543,231 | 12,767,932 | 4,889,078 | 10.00 |
| Office equipments | 2,271,204 | - | 2,271,204 | 1,539,779 | 73,143 | 1,612,922 | 658,282 | 10.00 |
| Furniture and fixtures | 1,035,539 | - | 1,035,539 | 779,703 | 25,584 | 805,287 | 230,252 | 10.00 |
| Electric appliances | 3,983,717 | - | 3,983,717 | 3,044,530 | 93,919 | 3,138,449 | 845,268 | 10.00 |
| Motor vehicles | 2,842,623 | - | 2,842,623 | 2,304,273 | 107,670 | 2,411,943 | 430,680 | 20.00 |
| Leased plant and machinery | 281,093,510 | - | 281,093,510 | 118,923,443 | 8,108,503 | 127,031,946 | 154,061,564 | 5.00 |
| Total - 30/June/2020 | 1,390,438,758 | - | 1,390,438,758 | 695,847,310 | 30,437,514 | 726,284,824 | 664,153,934 | |

As at 30 June 2019

| | | | | | | | | |
|-----------------------------|----------------------|----------|----------------------|--------------------|-------------------|--------------------|--------------------|-------|
| Freehold land | 94,815,000 | - | 94,815,000 | - | - | - | 94,815,000 | - |
| Buildings on freehold land | 276,770,457 | - | 276,770,457 | 159,199,476 | 5,878,549 | 165,078,025 | 111,692,432 | 5.00 |
| Plant and machinery | 709,969,698 | - | 709,969,698 | 375,215,127 | 16,737,729 | 391,952,856 | 318,016,842 | 5.00 |
| Electric installation | 17,657,010 | - | 17,657,010 | 11,621,111 | 603,590 | 12,224,701 | 5,432,309 | 10.00 |
| Office equipments | 2,271,204 | - | 2,271,204 | 1,458,509 | 81,270 | 1,539,779 | 731,425 | 10.00 |
| Furniture and fixtures | 1,035,539 | - | 1,035,539 | 751,277 | 28,426 | 779,703 | 255,836 | 10.00 |
| Electric appliances | 3,983,717 | - | 3,983,717 | 2,940,176 | 104,354 | 3,044,530 | 939,187 | 10.00 |
| Motor vehicles | 2,842,623 | - | 2,842,623 | 2,169,686 | 134,587 | 2,304,273 | 538,350 | 20.00 |
| Leased plant and machinery | 281,093,510 | - | 281,093,510 | 110,388,176 | 8,535,267 | 118,923,443 | 162,170,067 | 5.00 |
| Total - 30/June/2019 | 1,390,438,758 | - | 1,390,438,758 | 663,743,538 | 32,103,772 | 695,847,310 | 694,591,448 | |



20.2 Had there been no revaluation, the carrying amount of the specific class of assets would have been as follows:

| | Cost | Accumulated Depreciation ----- Rupees ----- | Book Value |
|----------------------------|--------------------|---|--------------------|
| As at 30 June 2020 | | | |
| Freehold land | 3,062,215 | - | 3,062,215 |
| Buildings on freehold land | 78,232,439 | 47,360,470 | 30,871,969 |
| Plant and machinery | 376,526,372 | 215,886,448 | 160,639,924 |
| | <u>457,821,026</u> | <u>263,246,918</u> | <u>194,574,108</u> |

| | | | |
|----------------------------|--------------------|--------------------|--------------------|
| As at 30 June 2019 | | | |
| Freehold land | 3,062,215 | - | 3,062,215 |
| Buildings on freehold land | 78,232,439 | 45,735,629 | 32,496,810 |
| Plant and machinery | 376,526,372 | 207,431,715 | 169,094,657 |
| | <u>457,821,026</u> | <u>253,167,344</u> | <u>204,653,682</u> |

| | | |
|---|--------------------|-------------------|
| | 2020 | 2019 |
| | ----- Rupees ----- | |
| 20.3 Depreciation for the year has been allocated as - | | |
| Administrative and general expenses | <u>30,437,514</u> | <u>32,103,772</u> |

As the company's operations are NIL, the depreciation is charged to administrative expenses.

21 LONG-TERM DEPOSITS

| | | | |
|------------------------------------|-------------|-------------------|-------------------|
| Deposits with various institutions | - note 21.1 | <u>16,467,060</u> | <u>16,467,060</u> |
|------------------------------------|-------------|-------------------|-------------------|

21.1 Deposits with various institutions

These are interest free refundable deposits with various utility companies and regulatory authorities. These, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

| | | |
|---|--------------------|-------------------|
| | 2020 | 2019 |
| | ----- Rupees ----- | |
| 22 STORES, SPARE PARTS AND LOOSE TOOLS | | |
| Stores | 7,533,403 | 7,533,403 |
| Spare parts | 22,778,071 | 22,778,071 |
| Loose tools | 141,534 | 141,534 |
| | <u>30,453,008</u> | <u>30,453,008</u> |

23 STOCK IN TRADE

| | | | |
|--------------|-------------|-------------------|-------------------|
| Raw material | - note 23.1 | <u>90,012,572</u> | <u>90,012,572</u> |
|--------------|-------------|-------------------|-------------------|

23.1 The stocks are valued at lower of cost or net realizable value.

23.2 The value of pledge stock in raw material and finished goods is Rs. 89,138,979(2019: Rs. 89,138,979).

24 TRADE DEBTS

| | | |
|---|------------------|------------------|
| Local debts (unsecured but considered good) | <u>2,448,541</u> | <u>2,448,541</u> |
| | 2020 | 2019 |

| | | |
|--|--------------------|------------------|
| | ----- Rupees ----- | |
| 25 TRADE DEPOSITS AND PREPAYMENTS | | |
| Deposits - Lease Company | <u>1,850,000</u> | <u>1,850,000</u> |

**26 BALANCES DUE FROM GOVERNMENT**

| | | |
|------------------------|-------------------|-------------------|
| Income tax recoverable | 24,283,222 | 24,283,222 |
| Sales tax refundable | 10,986,301 | 10,986,301 |
| | 35,269,523 | 35,269,523 |

27 CASH AND BANK BALANCES

| | | |
|-----------------------|----------------|----------------|
| With banks: | | |
| - on current accounts | 252,511 | 252,511 |
| | 252,511 | 252,511 |

28 DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT

- note 20.3

| | |
|-------------------|-------------------|
| 30,437,514 | 32,103,772 |
|-------------------|-------------------|

29 ADMINISTRATIVE AND GENERAL EXPENSES

| | | |
|--------------------------------|----------------|----------------|
| Printing and stationery | 96,000 | - |
| Legal and professional charges | 72,000 | - |
| Auditor's remuneration | 100,000 | 100,000 |
| Other expenses | 39,900 | - |
| | 307,900 | 100,000 |

29.1 Auditor's remuneration

| | | |
|---|----------------|----------------|
| Statutory audit fee | 75,000 | 75,000 |
| Fee for interim review and other certifications | 25,000 | 25,000 |
| | 100,000 | 100,000 |

30 TAXATION**30.1 Current year's taxation**

No provision for current year's taxation has been made in the financial statements as the Company has ceased its operations.

30.2 Prior period's taxation

Income tax assessments of the Company have been finalized up to tax year 2019 in accordance with deeming provision of the Income Tax Ordinance, 2001.

30.3 Numerical reconciliation between the average tax rate and the applicable tax rate

No provision for taxation has been made in the financial statements during the current year as well as last year. Therefore, numerical reconciliation between the average tax rate and the applicable tax rate is not provided.

31 LOSS PER SHARE (BASIC AND ANTI-DILUTIVE)

| | 2020 | 2019 |
|---|-----------------------|--------------|
| Loss attributable to ordinary equity holders of the Company | (Rupees) (30,745,414) | (32,203,772) |
| Weighted average number of ordinary shares | (Number) 4,467,036 | 4,467,036 |
| Loss per share - basic and anti dilutive | (Rupees) (6.88) | (7.21) |

31.1 There is no anti dilutive effect on the basic loss per share.

32 FINANCIAL RISK MANAGEMENT

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various sources of finance to minimize the finance related risks to the entity. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.



32.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over-sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors of the Company.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

32.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored.

32.2.1 Exposure to credit risk

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

| | 2020 | 2019 |
|--------------------------------|--------------------|-------------------|
| | ----- Rupees ----- | |
| Trade debts | 2,448,541 | 2,448,541 |
| Bank balances | 252,511 | 252,511 |
| Trade deposits and prepayments | 1,850,000 | 1,850,000 |
| Long-term deposits | 16,467,060 | 16,467,060 |
| | <u>21,018,112</u> | <u>21,018,112</u> |

32.2.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

(a) Counterparties without external credit ratings

The trade debts as at the balance sheet date are classified in Pak Rupees. The aging of trade debts at the balance sheet date is as follows:

| | | |
|------------------------|------------------|------------------|
| Past due 0 - 30 days | - | - |
| Past due 31 - 60 days | - | - |
| Past due 61 - 365 days | 2,448,541 | 2,448,541 |
| | <u>2,448,541</u> | <u>2,448,541</u> |

The Company has a policy for provision for doubtful receivables based upon the age analysis which is being implemented. Based on age analysis, relationship with customers and past experience the management does not expect any party to fail to meet their obligations. The management believes that trade debts are considered good and hence no impairment allowance is required in this regard.

(b) Other financial assets

Based on past experience the management believes that no impairment allowance is necessary in respect of long term deposits and loans and advances as there are reasonable grounds to believe that these balances will be recovered.



- (c) *Counterparties with external credit ratings*

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

| | Rating | | |
|-------------------------|------------|-----------|---------|
| | Short-term | Long-term | Agency |
| Habib Bank Limited | A-1+ | AAA | JCR-VIS |
| MCB Bank Limited | A1+ | AAA | PACRA |
| United Bank Limited | A-1+ | AAA | JCR-VIS |
| Bank Alfalah Limited | A1+ | AA+ | PACRA |
| Faysal Bank Limited | A1+ | AA | PACRA |
| The Bank of Punjab | A1+ | AAA | PACRA |
| JS Bank Limited | A1+ | AA | PACRA |
| Soneri Bank Limited | A1+ | AA- | PACRA |
| SME Bank Limited | B | AA- | PACRA |
| Habib Metropolitan Bank | A1+ | B- | PACRA |
| Meezan Bank Limited | A-1+ | AA+ | JCR-VIS |
| Allied Bank Limited | A1+ | AA+ | PACRA |
| Summit Bank Limited | A-1 | AAA | JCR-VIS |
| Bank Al Habib Limited | A1+ | A- | PACRA |
| Silk Bank Limited | A-2 | AA+ | JCR-VIS |

32.2.3 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

32.3 Liquidity risk management

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk table

The following table detail the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities under long term financing agreements based on the earliest date on which the Company can be required to pay. For effective markup rate please see note to these financial statements. Carrying amount and contractual cashflows of trade and other financial liabilities are approximately same.



| | 2020 | | | |
|-----------------------------------|--------------------|------------------------|-----------------------|-------------------|
| | Carrying amount | Contractual cash flows | Not later than 1 year | Later than 1 year |
| | ----- Rupees ----- | | | |
| Long-term finances | 149,511,945 | 149,511,945 | 149,511,945 | - |
| Long-term finances from directors | 138,683,905 | 138,683,905 | - | 138,683,905 |
| Long-term from others | 49,658,313 | 49,658,313 | - | 49,658,313 |
| Finance lease | 81,855,397 | 81,855,397 | 81,855,397 | - |
| Trade and other payables | 445,419,693 | 445,419,693 | 445,419,693 | - |
| Accrued mark-up | 134,601,511 | 134,601,511 | 134,601,511 | - |
| Short term borrowings | 176,898,437 | 176,898,437 | 176,898,437 | - |
| | 1,176,629,201 | 1,176,629,201 | 988,286,983 | 188,342,218 |
| | ----- Rupees ----- | | | |
| | 2019 | | | |
| | Carrying amount | Contractual cash flows | Not later than 1 year | Later than 1 year |
| | ----- Rupees ----- | | | |
| Long-term finances | 149,511,945 | 149,511,945 | 149,511,945 | - |
| Long-term finances from directors | 138,683,905 | 138,683,905 | - | 138,683,905 |
| Long-term from others | 49,658,313 | 49,658,313 | - | 49,658,313 |
| Finance lease | 81,855,397 | 81,855,397 | 81,855,397 | - |
| Trade and other payables | 445,319,693 | 445,319,693 | 445,319,693 | - |
| Accrued mark-up | 134,601,511 | 134,601,511 | 134,601,511 | - |
| Short term borrowings | 176,690,537 | 176,690,537 | 176,690,537 | - |
| | 1,176,321,301 | 1,176,321,301 | 987,979,083 | 188,342,218 |

32.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company is not exposed to currency risk as all transactions are carried out in domestic currency.

Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at variable interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

32.4.1 Fixed rate financial instruments

Fair value sensitivity analysis for fixed rate instruments

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

32.4.2 Variable rate instruments

Cash flow sensitivity analysis for variable rate instruments

The Company does not account for any variable rate financial assets and liabilities at fair value through profit and loss as the Company is in litigation with the financial institutions and not charging any mark-up on these borrowings.



32.4.3 Price risk management

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

33 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Company has not disclosed the fair values for some financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

| Financial instruments on reporting date | Carrying Amount | | | | Fair Value | | | |
|---|---|-------------------|--------------------------------|---------------|------------|------------|------------|-------|
| | As at 30 June 2020 | | | | | | | |
| | Fair value through profit or loss | Amortized cost | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| ----- Rupees ----- | | | | | | | | |
| Financial assets measured at fair value | - | - | - | - | - | - | - | - |
| Financial assets not measured at fair value | | | | | | | | |
| Trade debts | 2,448,541 | - | - | 2,448,541 | - | - | - | - |
| Trade deposits | 1,850,000 | - | - | 1,850,000 | - | - | - | - |
| Balance due from government | 35,269,523 | - | - | 35,269,523 | - | - | - | - |
| Bank balances | 252,511 | - | - | 252,511 | - | - | - | - |
| | 39,820,575 | - | - | 39,820,575 | - | - | - | - |
| Financial liabilities measured at fair value | - | - | - | - | - | - | - | - |
| Financial liabilities not measured at fair value | | | | | | | | |
| Long term finances | - | - | 289,348,417 | 289,348,417 | - | - | - | - |
| Lease obligations | - | - | 81,855,397 | 81,855,397 | - | - | - | - |
| Trade payables | - | - | 445,419,693 | 445,419,693 | - | - | - | - |
| Accrued mark-up | - | - | 134,601,511 | 134,601,511 | - | - | - | - |
| Short term borrowings | - | - | 176,898,437 | 176,898,437 | - | - | - | - |
| | - | - | 1,128,123,455 | 1,128,123,455 | - | - | - | - |



| | Carrying Amount | | | | Fair Value | | | |
|---|---|-------------------|--------------------------------|---------------|------------|------------|------------|-------|
| | ----- As at 30 June 2019 ----- | | | | | | | |
| Financial instruments on reporting date | Fair value through profit or loss | Amortized cost | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| | ----- Rupees ----- | | | | | | | |
| Financial assets measured at fair value | - | - | - | - | - | - | - | - |
| Financial assets not measured at fair value | | | | | | | | |
| Trade debts | 2,448,541 | - | - | 2,448,541 | - | - | - | - |
| Trade deposits | 1,850,000 | - | - | 1,850,000 | - | - | - | - |
| Balance due from government | 35,269,523 | - | - | 35,269,523 | - | - | - | - |
| Bank balances | 252,511 | - | - | 252,511 | - | - | - | - |
| | 39,820,575 | - | - | 39,820,575 | - | - | - | - |
| Financial liabilities measured at fair value | - | - | - | - | - | - | - | - |
| Financial liabilities not measured at fair value | | | | | | | | |
| Long term finances | - | - | 289,348,417 | 289,348,417 | - | - | - | - |
| Lease obligations | - | - | 81,855,397 | 81,855,397 | - | - | - | - |
| Trade payables | - | - | 445,319,693 | 445,319,693 | - | - | - | - |
| Accrued mark-up | - | - | 134,601,511 | 134,601,511 | - | - | - | - |
| Short term borrowings | - | - | 176,690,537 | 176,690,537 | - | - | - | - |
| | - | - | 1,127,815,555 | 1,127,815,555 | - | - | - | - |

34 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital are to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowing divided by total capital employed. Borrowing represents long term financing from banking companies and suppliers, long term financing from associated undertakings, long term financing from directors and sponsors and long term portion of liabilities against assets subject to finance lease. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

| | 2020 | 2019 |
|-----------------------------|--------------------|---------------|
| | ----- Rupees ----- | |
| Total borrowings | 315,582,342 | 315,374,442 |
| Less: Cash and bank balance | 252,511 | 252,511 |
| Net debt | 315,329,831 | 315,121,931 |
| Total Equity | (350,448,636) | (319,703,222) |
| Total capital | (35,118,805) | (4,581,291) |
| Gearing ratio | -898% | -6878% |

**35 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

No remuneration has been paid to directors, chief executive and executives during the year ended 30 June 2020 (2019 : NIL).

36 RELATED PARTY DISCLOSURE**36.1 Disclosure of transactions between the Company and related parties**

The related parties of the Company comprise of associated undertakings, directors of the Company, key management personnel and entities under common directorship. Balances are disclosed elsewhere in the financial statements.

| | 2020 | 2019 |
|--|-----------|-----------|
| 37 PLANT CAPACITY AND ACTUAL PRODUCTION | | |
| Total number of spindles installed | 28,248 | 28,248 |
| Number of spindles worked | - | - |
| Shifts per day | - | - |
| Installed capacity after conversion into 20/s counts (Kgs) | 9,946,319 | 9,946,319 |
| Rated annual capacity after conversion into 20's (Kgs) | 3,766,757 | 3,766,757 |

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

| | 2020 | 2019 |
|---|----------------------|------|
| 38 NUMBER OF EMPLOYEES | ----- Numbers -----' | |
| Total number of employees at end of year | - | - |
| Average number of employees during the year | - | - |

39 RECLASSIFICATIONS AND RE-ARRANGEMENTS

Corresponding figures have been re-classified and re-arranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison.

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on 5th October, 2020.

Chief Executive Officer

Director

Chief Financial Officer



FORM-34
COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING
AS AT JUNE 30, 2020

| No. of Shareholders | From | To | Total Shares Held |
|---------------------|---------|---------|-------------------|
| 85 | 1 | 100 | 2,752 |
| 229 | 101 | 500 | 57,513 |
| 291 | 501 | 1,000 | 176,302 |
| 82 | 1,001 | 5,000 | 202,714 |
| 18 | 5,001 | 10,000 | 134,314 |
| 7 | 10,001 | 15,000 | 90,861 |
| 5 | 15,001 | 20,000 | 90,000 |
| 3 | 20,001 | 25,000 | 69,512 |
| 2 | 25,001 | 30,000 | 52,340 |
| 3 | 30,001 | 35,000 | 96,335 |
| 1 | 40,001 | 45,000 | 44,940 |
| 1 | 45,001 | 50,000 | 46,500 |
| 2 | 60,001 | 65,000 | 125,500 |
| 2 | 65,001 | 70,000 | 135,500 |
| 1 | 80,001 | 85,000 | 81,000 |
| 3 | 85,001 | 90,000 | 269,670 |
| 1 | 140,001 | 145,000 | 143,818 |
| 2 | 145,001 | 150,000 | 298,302 |
| 1 | 240,001 | 245,000 | 240,399 |
| 1 | 285,001 | 290,000 | 289,918 |
| 1 | 350,001 | 355,000 | 350,673 |
| 1 | 660,001 | 665,000 | 661,500 |
| 1 | 805,001 | 810,000 | 806,673 |
| 743 | | | 4,467,036 |

| Categories of shareholders | Share held | Percentage |
|---|------------|------------|
| Directors, Chief Executive Officers, and their spouse and minor children | 1,016,173 | 22.7483% |
| Associated Companies, undertakings and related parties. (Parent Company) | 0 | 0.0000% |
| NIT and ICP | 246,052 | 5.5082% |
| Banks Development Financial Institutions, Non Banking Financial Institutions. | 185 | 0.0041% |
| Insurance Companies | -- | -- |
| Modarabas and Mutual Funds | 0 | 0.0000% |
| Share holders holding 10% or more | 1,818,846 | 40.7171% |
| General Public | | |
| Local | 3,170,388 | 70.9730% |
| Foreign | 0 | 0.0000% |
| Others (to be specified) | | |
| Joint Stock Companies | 3,114 | 0.0697% |
| Pension Funds | 30,069 | 0.6731% |
| Others | 1,055 | 0.0236% |



DETAIL OF SHAHRE HOLDING

As on 30th June, 2020

| S.No | SHARE HOLDERS CATEGORY | HOLDING | %AGE |
|--|---|------------------|------------------|
| <u>DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN</u> | | | |
| 1 | MR. NOMAN ALMAS | 661,500 | 14.8085% |
| | MR. NAUMAN ALMAS (CDC) | 350,673 | 7.8502% |
| 2 | MR. NAVEED AHMAD | 1,000 | 0.0224% |
| 3 | MR. ABDUL SHAKOOR | 600 | 0.0134% |
| 4 | MR. MUHAMMAD AKRAM | 500 | 0.0112% |
| 5 | MR. MUHAMMAD RAMZAN | 600 | 0.0134% |
| 6 | MR. ZAHID ALI | 800 | 0.0179% |
| 7 | MR. MUHAMMAD FIAZ | 500 | 0.0112% |
| | | 1,016,173 | 22.7483% |
| <u>ASSOCIATED COMPANIES</u> | | | |
| | | | 0.0000% |
| | | 0 | 0.0000% |
| <u>NIT and ICP</u> | | | |
| 1 | INVESTMENT CORP. OF PAKISTAN | 4,900 | 0.1097% |
| 2 | IDBL (ICP UNIT) (CDC) | 753 | 0.0169% |
| 3 | CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC) | 240,399 | 5.3816% |
| | | 246,052 | 5.5082% |
| <u>FINANCIAL INSTITUTION</u> | | | |
| 1 | NATIONAL BANK OF PAKISTAN. (CDC) | 185 | 0.0041% |
| | | 185 | 0.0041% |
| <u>MUTUAL FUNDS</u> | | | |
| | | 0 | 0.0000% |
| <u>PENSION FUNDS</u> | | | |
| 1 | TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND (CDC) | 30,069 | 0.6731% |
| | | 30,069 | 0.6731% |
| <u>JOINT STOCK COMPANIES</u> | | | |
| 1 | MAPLE LEAF CAPITAL LIMITED (CDC) | 1 | 0.0000% |
| 2 | SHAFFI SECURITIES (PVT) LIMITED (CDC) | 1,000 | 0.0224% |
| 3 | TIME SECURITIES (PVT.) LTD (CDC) | 428 | 0.0096% |
| 4 | Y.S SECUTITIES & SERVICES (PVT) LTD. (CDC) | 1,685 | 0.0377% |
| | | 3,114 | 0.0697% |
| <u>OTHERS</u> | | | |
| 1 | TRUSTEE NATIONAL BANK OF OAKISTAN EMP BENEVOLENT FUND TRUST (CDC) | 1,055 | 0.0236% |
| | | 1,055 | 0.0236% |
| <u>SHARES HELD BY THE GENERAL PUBLIC (LOCAL)</u> | | | |
| | | 3,170,388 | 70.9730% |
| <u>SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)</u> | | | |
| | | 0 | 0.0000% |
| | | 3,170,388 | 70.9730% |
| TOTAL: | | 4,467,036 | 100.0000% |

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

| S. No. | Name | Holding | Percentage |
|--------|--------------------|------------------|-----------------|
| 1 | MR. NOMAN ALMAS | 1,012,173 | 22.6587% |
| 2 | MRS. SHAMIM AKHTAR | 806,673 | 18.0584% |
| | | 1,818,846 | 40.7171% |

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

| S. No. | Name | Holding | Percentage |
|--------|--|------------------|-----------------|
| 1 | MR. NOMAN ALMAS | 1,012,173 | 22.6587% |
| 2 | MRS. SHAMIM AKHTAR | 806,673 | 18.0584% |
| 3 | MRS. FAREEHA PERVAIZ | 289,918 | 6.4902% |
| 4 | CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC) | 240,399 | 5.3816% |
| | | 2,349,163 | 52.5889% |

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

| S. NO. | NAME | SALE | PURCHASE |
|--------|------|------|----------|
| | NIL | NIL | NIL |



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- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk @jamapunji_pk

*Mobile apps are also available for download for android and ios devices

NOTES



FORM OF PROXY

I/We _____
 Of _____
 Being a member of SALMAN NOMAN ENTERPRISES LTD and holder of _____ Ordinary shares as per
 Register Folio / CDC Participant No. _____ hereby appoint
 Mr./Mrs./Miss _____ of _____ or failing him/her
 Mr./Mrs./Miss _____ of _____ who is also a member of the SALMAN NOMAN
 ENTERPRISES LTD vide Registered Folio / CDC Participant I.DNo. _____ as my proxy to vote for me
 and on my behalf at the 35th Annual General meeting of the Company to be held on Monday the October 26, 2020 at 03:00
 P.M and any adjournment thereof.

Signed this _____ day of October, 2020

Revenue
Stamp(s) of
Rupees Fifty

(Signature should agree with the specimen
Signature register with the Company)

Witness: 1

Signature: _____

Name: _____

Address: _____

CNIC or: _____

Passport#: _____

Witness: 2

Signature: _____

Name: _____

Address: _____

CNIC or: _____

Passport#: _____

Note:

- ☛ A member entitled to vote at this meeting may appoint a proxy, proxies in order to be effective must be received at Registered Office of the company duly stamped, signed and witnessed not later than 48 hours before the time of the meeting

سلمان نعمان انٹرپرائزز لمیٹڈ

تشکیل نیابت داری برائے سالانہ اجلاس عام

میں / ہم

ساکن _____ سلمان نعمان انٹرپرائزز لمیٹڈ کا / کی / کے حصص

دار ہوں / ہیں اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت _____ عمومی حصص کا / کی / کے مالک

ہوں / ہیں۔ اپنی جگہ پر حق رائے دہی کے لیے _____ رہائشی _____ اور بموجب

رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر _____ کو یا اس کے نہ آنے کی صورت میں _____

رہائشی _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر _____

کو جو کہ سلمان نعمان انٹرپرائزز لمیٹڈ کا / کی / کے حصہ دار ہے ہیں۔ کو اپنی جگہ بروز پیر بتاریخ 26 اکتوبر 2020 بوقت دوپہر 3:00 بجے

منعقد ہونے والے پینتیسواں سالانہ اجلاس عام یا کسی متبادل دن جو بھی ہوگا میں رائے دہندگی کے لئے نمائندہ مقرر کرتا / کرتی / کرتے

ہوں / ہیں۔

پچاس روپے کی رسیدی ٹکٹ

چسپاں کریں

کمپنی کے ریکارڈ کے مطابق دستخط

بتاریخ: _____ اکتوبر 2020 کو دستخط کیا گیا

گواہ نمبر: 2

گواہ نمبر: 1

_____ دستخط

_____ دستخط

_____ نام

_____ نام

_____ پتہ

_____ پتہ

_____ شناختی کارڈ نمبر یا

_____ شناختی کارڈ نمبر یا

_____ پاسپورٹ نمبر

_____ پاسپورٹ نمبر

نوٹ: 1۔ یہ مختار نامہ مکمل اور دستخط شدہ کمپنی کے رجسٹرڈ آفس کے پتے پر اجلاس کے شروع ہونے سے 48 گھنٹے پہلے پہنچ جانا چاہیئے۔

2۔ کوئی بھی فرد مختار نامہ اس وقت تک استعمال نہیں کر سکتا جب تک وہ کمپنی کا حصص دار نہ ہو۔ علاوہ اس کے کہ کوئی ایک کمپنی جو حصہ دار ہے کسی فرد

کو نمائندہ مقرر کرے جو کمپنی کا حصص دار نہ ہو۔