68th Annual Report 2019

htm

حافظ

HAFIZ LIMITED

VISION AND MISSION STATEMENT

While keeping our fundamentals correct we shall build upon our recognition as a very good company known and established for our principled and honest business practices and continue to strive for high standards of quality to regain the reputation earned duly in last SixtyEight years.

We are committed to the higher expectations of our customers and through optimum utilization of available resources, make the Company viable and profitable so as to generate adequate profit to make reasonable returns on shareholders equity.

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **68th Annual General Meeting** of shareholders of the **HAFIZ LIMITED** will be held **Insha-Allah on Monday, 28th October, 2019 at 11:15 a.m.** at the Registered Office of the Company, 97, Alliance Building, 2nd Floor, Moolji Street, Mereweather Tower, Karachi for the following purposes:

1. To confirm the Minutes of last Annual General Meeting held on 24th October, 2018.
2. To receive, consider and adopt the Annual Audited Accounts of the company for the year ended 30th June, 2019 together with the Directors' and Auditors' reports thereon.
3. To approve as recommended by the directors, the payment of Cash Dividend @ 15% Rs.1.50 per share for the year ended 30th June, 2019.
4. To appoint Auditors for the year ending 30th June, 2020 and to fix their remuneration.
5. To transact any other business of the Company with the permission of the Chair.

By order of the Board

S. Shafiq Hassan
Company Secretary

Karachi: 4th October, 2019.

Notes:

1- Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from **October 24, 2019 to October 31, 2019** (both days inclusive). Transfer received in order at our Share Registrar/Transfer agent, **M/s. F.D. Registrar Services (Pvt) Ltd.** 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000, at the close of business on **October 23, 2019** will be considered in time for the purpose of above entitlement to the transferees.

2- Participation in the Annual General Meeting:

i) A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

ii) A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/ her proxy to attend, speak and vote instead of him/her.

iii) Form of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at 97, Alliance Building, 2nd Floor, Moolji Street, Mereweather Tower, Karachi not later than 48 hours before the time of the meeting.

3- Payment of Cash Dividend Electronically (E-Dividend Mechanism):

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders and SECP vide S.R.O.1145(I)/2017 (as amended) directed all shareholders to provide their valid International Bank Account Numbers (IBAN) to receive cash dividend electronically. The shareholders are hereby advised to provide details of their bank mandate specifying: (i) Title of Account, (ii) IBAN, (iii) Bank Name, (iv) Branch Name and Address to the Company's Share Registrar, shareholders who hold shares with Participants/CDC are advised to provide the mandate to the concerned Broker /Participant /CDC Investor account services.

4- Change in Address

Members holding shares in physical form are requested to promptly notify Share Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.

5- Submission of Copies of CNIC (Mandatory):

Pursuant to the Notification SRO.275(I)/2016 dated March 31, 2016 read with S.R.O.19(I)/2014 dated January 10, 2014 and

SRO.831(I)/2012 dated July 5, 2012 of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrant(s) shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC or NTN in case of corporate entities (if not already provided) to the Company's Share Registrar.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the Company shall be constrained to withhold the Dividend Warrants, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

6- Withholding Tax on Dividend:

Government of Pakistan through Finance Act, 2019, has made certain amendments in withholding tax provision by substituting the definition of "Filers" with "Active Taxpayer List" (ATL), whereby the company is required to collect tax on dividend under Section 150 of the Income Tax Ordinance, 2001 from the person not appearing in the ATL at the rates specified in the Ordinance as increased by 100%. These tax rates are as under:

(a) For persons appearing in Active Taxpayer List 15%.

(b) For persons not appearing in Active Taxpayer List 30%.

Shareholders who are filers, are advised to make sure that their names are entered into latest ATL provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as person not appearing in ATL and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

For Joint Shareholders:

For shareholders holding their shares jointly as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately as per status of their names appearing in the ATL for principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Shares Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or Registrar of company. Shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers. Without the NTN company would not be in a position to check filer status on the ATL and hence higher tax of 30% may be applied in such cases.

7- Transmission of Audited Financial Statements / Notices Through E-mail:

As notified by the SECP vide SRO.787(I)/2014 dated September 8, 2014, all listed companies are allowed to circulate audited financial statements along with notice of annual general meetings to its shareholders through their e-mail addresses subject to written consent of the shareholders. Shareholders of the company who wish to receive audited financial statements, notice of general meetings and other financial reports through e-mail are requested to fill the required information on the form is as under:

Name of Shareholder	Folio / CDC Account Number	Email Address (requested to notify immediately for any change)	Contact Number.	CNIC Number (Attach visible & valid copy)	Signature of the Shareholder

The above duly filled form may please be send to Share Registrar of the Company.

8- Form of Proxy is enclosed.

DIRECTORS REPORT

Starting with the name of **Almighty Allah** The most gracious and merciful, and ask **Allah** to send blessing on our beloved **Prophet Muhammad (P.B.U.H)** on his family and followers.

The Board of Directors of your company are pleased to present **68th Annual Report** together with Audited Financial Statements and auditor report thereon for the period ended June 30, 2019.

Operating Results	**2019**	**2018**
	(Rupees)	***(Rupees)***
Net profit before taxation	25,678,391	19,061,730
Taxation	1,494,692	2,109,096
Net profit after taxation	24,183,699	16,952,634
Appropriations:		
Proposed Final Dividend 15%	1,800,000	2,100,000
Transfer to reserves	22,383,699	14,852,634
earnings per share	20.15	14.13

Overview:
During the year, the current state of overall market is not feasible to make investment, as the deteriorating economic circumstances, Pak Rupee continuous depreciation, International pressure on economic reforms, increase in policy rates, etc. creates issues not only for your company, but it effects on the macro business level. As your company has been putting efforts to stand out in such conditions, various opportunities have been analyzed and discussed, but as of uncertain economic environment, we use to avoid risky arenas. But as our commitment with shareholders, we make some investment at stock exchange around current market levels

Future Outlook:
The Pakistan is having lot of potential in almost all the sectors of the economy, especially the textile, which is one of the biggest sector among all. But at present, as the current economic situation, business community is unable to decide about the future outlook of the specific sector or economy, the depreciation of currency and restriction on imports create high level of uncertainty among various industrialists, and importers, which leads to slow down economic activities for the period thereof.
Despite the fact, we are not too much optimistic, but as the present government try to bring some policy reforms in various sectors, we can at least hope some relief for industries in upcoming period.

Dividend:
The Board of directors of Hafiz Limited has pleasure in recommending final cash dividend at the rate of 15% i.e. Rs.1.50 per share for the financial year ended June 30, 2019 (2018: 17.5% i.e. Rs.1.75 share), subject to the approval of the shareholders in the Annual General Meeting.

Auditors:
The present auditors M/s. Mazars M.F. & Co., Chartered Accountants retire and offer themselves for re-appointment, as suggested by the audit committee, the Board recommends their appointment as Auditors for the year ended June 30, 2020.

Pattern of Shareholding:
The detailed pattern of shareholding as required by the Companies Act, 2017 and the Statement of Compliance with Code of corporate Governance 2017 are enclosed.

Board of Directors Meetings:
The statement showing the attendance of Directors in BOD meetings and the Audit Committee meetings is as under:

No.	Name of Directors	Number of BOD Meetings		
		Held	Attended	Leave Granted
1	Mr. Fakhruddin Usmani	6	6	0
2	Mr. Quamruddin Osmani	6	6	0
3	Mr. Muhammad Farooq Usmani	6	6	0
4	Mr. Mahmood Wali Muhammad	6	5	1
5	Mr. Muhammad Atiq	6	5	1
6	Mr. Ali Muhammad Usmani	6	6	0
7	Mr. Muhammad Shahzad Fakir	6	5	1

Audit and Human Resource Committees:
The board in compliance with the Code of Corporate Governance has constituted as audit committee as well as human resource committee comprising of the following members:

Audit Committee		Human Resource Committee	
Mr. Quamruddin Osmani	Chairman	Mr. Ali Muhammad Usmani	Chairman
Mr. Muhammad Farooq Usmani	Member	Mr. Fakhruddin Usmani	Member
Mr. Mahmood Wali Muhammad	Member	Mr. Quamruddin Usmani	Member

During the year under review, the committees have performed its functions satisfactory and in accordance with the Code of Corporate Governance.

Appreciation:
The Directors would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan and the management of the Pakistan Stock Exchange for their supports and cooperation. The board also appreciates the devoted performance of the staff and officers of the Hafiz Limited as well as our share registrar M/s. F.D. Registrar Services (Pvt.) Limited. The board will also like to thank shareholders for their confidence in the Company and their continued support and guidance.

FOR AND ON BEHALF OF THE BOARD.

Quamruddin Osmani
Chairman

Fakhruddin Usmani
Chief Executive Officer

Karachi:
4th October, 2019.

ڈائریکٹران کی رپورٹ

اللہ رب العزت کے نام سے شروع جو بڑا مہربان اور نہایت رحم والا اور اللہ تعالیٰ کی رحمتیں ہمارے پیارے نبی حضرت محمد ﷺ پر، ان کی آل پر اور ان کے صحابہ پر

آپ کی کمپنی کے بورڈ آف ڈائریکٹر، 68 ویں سالانہ رپورٹ کے ساتھ مدت مختتمہ 30 جون 2019 کے آڈٹ شدہ مالیاتی گوشوارے اور ان پر آڈیٹرز رپورٹ پیش کرتے ہوئے اظہار مسرت کرتے ہیں ۔

مالیاتی نتائج	2019	2018
	(روپے)	(روپے)
خالص منافع قبل از ٹیکس	25,678,391	19,061,730
ٹیکس	1,494,692	2,109,096
خالص منافع بعد از ٹیکس	24,183,699	16,952,634
مصارفِ منافع		
مجوزہ حتمی منافع منقسمہ 15 فیصد	1,800,000	2,100,000
ذخائر میں منتقلی	22,383,699	14,852,634
منافع فی حصص	20.15	14.13

کاروباری جائزہ

سال کے دوران مارکیٹ کی مجموعی صورتحال سرمایہ کاری کے لئے سازگار نہیں رہی جس میں بگڑتی ہوئی معاشی صورتحال، پاکستانی روپے کی قدر میں مسلسل کمی، معاشی اصلاحات پر عالمی دباؤ، پالیسی نرخوں میں اضافہ وغیرہ نے نہ صرف کمپنی کے لئے مسائل پیدا کئے بلکہ بڑے معاشی اشاریوں پر بھی اثرات مرتب کئے۔ تاہم کمپنی ان حالات میں بھی مستحکم رہنے کی کوشش کرتی رہی، مختلف مواقعوں کا تجزیہ کیا گیا اور ان پر بحث کی گئی لیکن غیر یقینی معاشی ماحول کی وجہ سے ہم خطراتی شعبوں سے دور رہے۔ تاہم چونکہ ہم حصص یافتگان کے لئے پرعزم ہیں اس لئے کچھ سرمایہ کاری موجودہ سطح کے برابر اسٹاک ایکسچینج میں کی گئی۔

مستقبل کی پیش بینی

پاکستان کی معیشت کے تقریباً تمام شعبوں خاص طور پر سب سے بڑے معاشی شعبہ ٹیکسٹائل میں بہت سے مواقع موجود ہیں لیکن اسوقت موجودہ معاشی صورتحال کی وجہ سے کاروباری برادری معیشت کے اس مخصوص شعبے کی مستقبل کی پیش بینی کے بارے میں فیصلہ نہیں کر پائی ہے، کرنسی میں فرسودگی اور درآمدات پر پابندیوں کی وجہ سے مختلف صنعتکاروں اور درآمدکنندگان کے لئے بلند سطح کی غیر یقینی صورتحال پیدا ہوگئی ہے جس کے نتیجے میں مدت کے دوران معاشی سرگرمیاں سست روی کا شکار رہیں۔

ان حقائق کی وجہ سے ہم بہت زیادہ پرامید نہیں ہیں لیکن موجودہ حکومت مختلف شعبوں میں پالیسی اصلاحات لانے کی کوششیں کر رہی ہے، جس سے ہم توقع کرتے ہیں کہ آنے والی مدت میں صنعتوں کو کچھ ریلیف ملے گا۔

منافع منقسمہ

حافظ لمیٹڈ کا بورڈ آف ڈائریکٹرز مالیاتی سال مختتمہ 30 جون 2019 کے لئے 15 فیصد یعنی 1.50 روپے فی حصص (2018 میں 17.5 فیصد یعنی 1.75 روپے فی حصص) کے حساب سے نقد منافع منقسمہ کا اعلان کرتے ہوئے اظہار مسرت کرتا ہے جس کی منظوری حصص یافتگان سے سالانہ اجلاس عام میں لی جائے گی۔

آڈیٹرز

موجودہ آڈیٹرز میسرز آزر زایم ایف اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ نے کمپنی کے ان کی آڈیٹر برائے مختتمہ سال 30 جون 2020 کے لئے تقرری سفارش کی ہے۔

حصص داری کی ساخت

کمپنیز ایکٹ 2017 کی مطلوبات کے مطابق تفصیلی حصص داری کی ساخت اور ادارتی نظم وضبط 2017 کی پاسداری سے متعلق بیان منسلک ہے۔

بورڈ کے اجلاسوں کی تعداد

مندرجہ ذیل گوشوارے میں بورڈ آف ڈائریکٹرز کے اجلاسوں اور آڈٹ کمیٹی کے اجلاسوں میں حاضری کی تعداد بتائی گئی ہے:

نمبر شمار	ڈائریکٹران کے نام	منعقدہ	حاضری	رخصت کی منظوری
۱	جناب فخر الدین عثمانی	6	6	0
۲-	جناب قمر الدین عثمانی	6	6	0
۳-	جناب محمد فاروق عثمانی	6	6	0
۴-	جناب محمود ولی محمد	6	5	1
۵-	جناب محمد عتیق	6	5	1
۶-	جناب علی محمد عثمانی	6	6	0
۷-	جناب محمد شہزاد فقیر	6	5	1

آڈٹ اور انسانی وسائل کمیٹی

بورڈ نے ادارتی نظم وضبط کے ضابطہ کی پاسداری کرتے ہوئے آڈٹ کمیٹی کے ساتھ انسانی وسائل کمیٹی تشکیل بھی تشکیل دی ہے جن کے ممبران درج ذیل ہیں:

آڈٹ کمیٹی		انسانی وسائل کمیٹی	
جناب قمر الدین عثمانی	چیئرمین	جناب علی محمد عثمانی	چیئرمین
جناب محمد فاروق عثمانی	ممبر	جناب فخر الدین عثمانی	ممبر
جناب محمود ولی محمد	ممبر	جناب قمر الدین عثمانی	ممبر

جائزہ سال کے دوران کمیٹی کے افعال تسلی بخش اور ادارتی نظم وضبط کے ضابطہ کے مطابق رہے۔

اعتراف

ڈائریکٹران اس موقع پر سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے مسلسل تعاون اور مدد پر ان کا مشکور ہے۔ بورڈ حافظ لمیٹڈ کے ملازمین کی مخلصانہ کارکردگی کے ساتھ ہمارے شیئر رجسٹرار میسرز ایف ڈی رجسٹرار سروسز (پرائیویٹ) لمیٹڈ کو ستائش پیش کرتا ہے۔ کمپنی پر اعتماد اور ان کے مسلسل تعاون و رہنمائی پر بورڈ تمام حصص یافتگان کا مشکور ہے۔

برائے ومنجاب

قمر الدین عثمانی
چیئرمین

فخر الدین عثمانی
چیف ایگزیکٹو آفیسر

کراچی: 4 اکتوبر 2019

KEY OPERATING & FINANCIAL RESULTS FROM 2014 TO 2019

PARTICULARS	2019	2018	2017	2016	2015	2014
	(Rupees in thousands)					
OPERATING DATA						
Sales (Net)	11,267	13,654	12,289	12,193	12,251	9,218
Cost of Sales	-	-	-	-	-	-
Gross Profit / (Loss)	-	-	-	-	-	-
Operating Expenses	5,556	6,178	5,611	5,887	5,380	4,564
Opeerating Profit / (Loss)	5,711	7,476	6,678	6,306	6,871	4,565
Financial Charges	12	24	17	71	19	26
Gain on change in fair value of investment property	19,487	11,511	15,649	22,771	12,973	16,657
Profit/ (Loss) Before Taxation	25,678	19,062	22,310	29,768	19,747	21,285
Profit/ (Loss) After Taxation	24,184	16,953	19,987	28,425	16,515	18,905
FINANCIAL DATA						
Paid up Capital	12,000	12,000	12,000	12,000	12,000	12,000
Equity Balance	408,481	386,617	371,449	353,244	326,595	311,909
Long Term Loans	56,635	56,635	58,986	61,501	65,001	65,256
Fixed Assets (Net)	478,340	457,238	445,644	430,769	407,346	393,155
Current Assets	10,590	9,925	8,513	6,654	9,241	6,578
Current Liabilities	11,550	11,601	11,425	10,393	12,705	10,307
KEY RATIOS						
Gross Margin	-	-	-	-	-	-
Operating Margin	-	-	-	-	-	-
Net Profit	42%	40%	35%	46%	29%	24%
Return on Capital Employed	1.30%	1.66%	1.50%	1.64%	1.68%	1.19%
Current Ratio	0.92	0.86	0.75	0.64	0.73	0.64
Earning per share (Rupees)	20.15	14.13	16.66	23.69	13.76	15.75
Cash Dividend	15%	18%	15%	15%	15%	15%

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

Name of company : HAFIZ LIMTED (the "Company")
For the year ended : 30TH JUNE, 2019.

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

1. The total number of directors are **SEVEN** as per the following:
   a. Male: **Seven**
   b. Female: **None**

2. The composition of board is as follows:

a) Independent Directors	***QuamruddinOsmani***
b) Other Non-executive Director	***Muhammad FarooqUsmani***
	MahmoodWali Muhammad
	Muhammad Atiq
	Ali Muhammad Usmani
	Muhammad Shahzad Fakir
c) Executive Directors	***FakhruddinUsmani***

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

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

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has not arranged Directors' Training program for the Directors.

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

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

12. The board has formed committees comprising of members given below:

a) Audit Committee (Name of members and Chairman)

QuamruddinOsmani	***- Chairman***
Muhammad FarooqUsmani	***- Member***
MahmoodWali Muhammad	***- Member***

b) HR and Remuneration Committee (Name of members and Chairman)

Ali Muhammad Usmani	***- Chairman***
QuamruddinOsmani	***- Member***
FakhruddinUsmani	***- Member***

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

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

a) Audit Committee	**Four Quarterly Meeting**
b) HR and Remuneration Committee	**One Meeting during the year**

15. The board has set up 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 a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

18. We confirm that all other requirements of the Regulations have been complied with.

FakhruddinUsmani
CEO

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

To the members of Hafiz Limited

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Hafiz Limited (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

MAZARS M.F. & CO.
Chartered Accountants

Place: Karachi
Date: 4th October, 2019.

INDEPENDENT AUDITORS' REPORT

To the Members of Hafiz Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Hafiz Limited**(the Company), which comprisethe statement of financial position as at June 30, 2019, and the statement of profit or loss and othercomprehensive income, the statement of changes in equity and the statement of cash flowsfor the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement ofprofit or loss, and comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit, othercomprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

S. No.	Key audit matter	How the matter was addressed in our audit
1	The Company's investment property ("IP") is located in Karachi, principally comprising land and buildings. As disclosed in note 6 to the accompanying financial statements the IP amounts to Rs. 472.511 million and constitutes 97% of the total assets of the Company.	Our audit procedures amongst others comprised of : - We assessed the competence of the management independent external valuer and reviewed the valuation report prepared

	The IP is recorded under fair value model in accordance with applicable financial reporting framework, and accordingly, a fair value gain of Rs. 19.487 million has been recorded by the Company during the year on account of its fair valuation which was performed by an independent external property valuer. We identified valuation of the IP as a key audit matter because of the significance of IP to the total assets of the Company and because the determination of the fair values involves significant judgement and estimation, particularly in selecting the appropriate valuation methodology, market projections and market rents.	by them to understand the basis and methodology of the valuation. - Assessed the adequacy of the disclosures in the accompanying financial statements in respect of the investment property.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditors' report is Hussaini Fakhruddin.

MAZARS M.F. & CO.
Chartered Accountants

Place: Karachi
Date: 4th October, 2019.

BALANCE SHEET
AS AT JUNE 30, 2019

	Note	2019	2018
ASSETS		---------(Rupees)--------	
Non-current assets			
Property, plant and equipment	5	**4,108,875**	4,214,436
Investment property	6	**472,510,664**	453,023,692
Long term investments - quoted	7	**1,780,201**	1
		478,399,740	457,238,129
Current assets			
Stores and spares	8	**-**	-
Trade debts	9	**522,400**	783,600
Loans and advances	10	**420,498**	60,000
Deposits and income tax	11	**4,987,993**	4,058,398
Cash and bank balances	12	**4,658,985**	5,023,403
		10,589,876	9,925,401
Net assets in Bangladesh	13	**1**	1
Total assets		**488,989,617**	467,163,531
EQUITY AND LIABILITIES			
Capital and Reserves			
Authorized			
2,000,000 (2018: 2,000,000) ordinary shares of Rs. 10/- each		**20,000,000**	20,000,000
Issued, subscribed and paid-up	14	**12,000,000**	12,000,000
Reserves		**465,116,405**	443,251,503
		477,116,405	455,251,503
Non Current Liability			
Deferred liability	15	**323,325**	311,412
		323,325	311,412
Current Liabilities			
Trade and other payable	16	**6,311,673**	5,924,492
Unclaimed dividend		**3,264,871**	2,804,210
Provision for taxation		**1,973,344**	2,871,914
		11,549,887	11,600,616
Contingencies and commitments	17	**-**	-
Total equity and liabilities		**488,989,617**	467,163,531

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

Karachi
4th Oct., 2019.

Muhammad Shahid Siddiqui
CFO

Fakhruddin Usmani
CEO

Quamruddin Osmani
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees)	
Rental income		**11,266,555**	13,654,416
Administrative expenditure	18	**(5,555,996)**	(6,178,260)
Financial charges	19	**(12,037)**	(23,858)
		(5,568,033)	(6,202,118)
		5,698,522	7,452,298
Gain on change in fair value of investment property	6	**19,486,971**	11,511,217
Other income	20	**492,898**	98,215
Profit before taxation		**25,678,391**	19,061,730
Taxation	21	**(1,494,692)**	(2,109,096)
Profit after taxation		**24,183,699**	16,952,634
Earnings per share	22	**20.15**	14.13

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

Karachi
4th Oct., 2019.

Muhammad Shahid Siddiqui
CFO

Fakhruddin Usmani
CEO

Quamruddin Osmani
Director

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

	Note	2019	2018
		---------(Rupees)--------	
Profit for the year		**24,183,699**	16,952,634
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be subsequently reclassified to profit or loss			
- Gain on remeasurement of post retirement benefits		**21,454**	15,191
- Unrealized loss on remeasurement of equity instrument at fair value through other comprehensive income		**(240,251)**	-
		(218,797)	15,191
Total comprehensive income for the year		**23,964,902**	16,967,825

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

Karachi
4th Oct., 2019.

Muhammad Shahid Siddiqui
CFO

Fakhruddin Usmani
CEO

Quamruddin Osmani
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		----------(Rupees)----------	
Profit before taxation		**25,678,391**	19,061,730
Depreciation		**381,967**	505,170
Provision for gratuity		**11,913**	29,729
Gain on change in fair value of investment property		**(19,486,971)**	(11,511,218)
Other income		**(492,898)**	(98,215)
Financial charges		**12,037**	23,858
		(19,573,952)	(11,050,676)
Operating profit before working capital changes		**6,104,439**	8,011,054
Movement in Working Capital			
(Increase)/decrease in current assets			
Trade debts		**261,200**	(239,280)
Deposits		**(880,000)**	(27,158)
Loans and advances		**(360,498)**	(60,000)
		(979,298)	(326,438)
Increase in current liabilities			
Trade and other payable		**386,747**	210,461
		386,747	210,461
Cash generated from operations		**5,511,888**	7,895,077
Payments for:			
Taxes		**(2,442,857)**	(2,610,320)
Financial charges		**(12,037)**	(23,858)
Net cash inflow from operating activities		**3,056,993**	5,260,899
CASH FLOW FROM INVESTING ACTIVITIES			
Proceed from sale of fixed assets		**1,900,000**	500,000
Capital expenditure		**(1,020,000)**	(990,012)
Capital work in Progress		**(663,508)**	-
Investment in quoted securities		**(2,020,451)**	-
Net cash outflow from investing activities		**(1,803,959)**	(490,012)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan repaid to directors		**-**	(2,350,900)
Dividend paid		**(1,617,453)**	(1,407,324)
Net cash outflow from financing activities		**(1,617,453)**	(3,758,224)
Net increase in cash and bank balances		**(364,418)**	1,012,663
Cash and bank balances at beginning of the year		**5,023,403**	4,010,740
Cash and bank balances at end of the year		**4,658,985**	5,023,403

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

Karachi
4th Oct., 2019.

Muhammad Shahid Siddiqui
CFO

Fakhruddin Usmani
CEO

Quamruddin Osmani
Director

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

		Reserves				
		Capital	Revenue			
	Share capital	Interest free loan from Directors - 4.18	Unappropriated (loss) / profit	Fair value reserve for investment property	Total reserves	Total equity
Balance as at July 01, 2017	**12,000,000**	**58,985,805**	**(303,621)**	**371,752,394**	**430,434,578**	**442,434,578**
Total comprehensive income for the year	-		16,967,825	-	16,967,825	**16,967,825**
Repayment of loan	-	(2,350,900)	-	-	(2,350,900)	**(2,350,900)**
Final dividend for the year ended June 30, 2017 '-@ Rs.1.5 per share i.e. 15%	-		(1,800,000)	-	(1,800,000)	**(1,800,000)**
Balance as at June 30, 2018	**12,000,000**	**56,634,905**	**14,864,204**	**371,752,394**	**443,251,503**	**455,251,503**
Total comprehensive income for the year	**-**	**-**	**23,964,902**	**-**	**23,964,902**	**23,964,902**
Repayment of loan	**-**	**-**	**-**	**-**		**-**
Final dividend for the year ended June 30, 2018 '-@ Rs.1.75 per share i.e. 17.5%	**-**	**-**	**(2,100,000)**	**-**	**(2,100,000)**	**(2,100,000)**
Balance as at June 30, 2019	**12,000,000**	**56,634,905**	**36,729,106**	**371,752,394**	**465,116,405**	**477,116,405**

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

Karachi
4th Oct., 2019.

Muhammad Shahid Siddiqui
CFO

Fakhruddin Usmani
CEO

Quamruddin Osmani
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND OPERATIONS

Hafiz Limited (the Company) is a public limited company incorporated in 1951 under the repealed Companies Ordinance, 1984. The shares of the Company are listed on the Pakistan Stock Exchange. The registered office and business units of the Company is situated at 97, Alliance Building, 2nd Floor, Moolji Street, Mereweather Tower, Karachi. In previous years, the company had changed the name and nature of its business. Previously the principal activity of the company was to deal in spinning of textile fibers and now the principal activity of the company is to earn rentals on land and building.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting Standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the year:

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these financial statements.

In addition to the above, the following two new standards have become applicable to the Company effective July 1, 2018:

– IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model. On July 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost').

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

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

2.3 Amendments to standards effective in current year and not relevant to the Company

		Effective date (annual periods beginning on or after)
IFRS 2	Share-based payments	January 01, 2018
IFRS 4	Insurance contract	January 01, 2018
IAS 40	Investment property	January 01, 2018

2.4 Standards / Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards:

IFRS 3	Business Combinations - Amendment requiring an entity to remeasure its previously held interest at fair value when it obtains control of a business that is a joint operation.	January 01, 2019
IFRS 3	Business Combinations - The amendments narrowed and clarified the definition of a business, the amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.	January 01, 2020
IFRS 9	Financial Instruments - Prepayment Features with Negative Compensation and modifications of financial liabilities. The amendment allow debt instruments with negative compensation prepayment features to be measured at amortised cost or fair value through other comprehensive incomes. The amendment also clarified that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss.	January 01, 2019
IFRS 11	Joint Arrangement - The proposed amendments is to eliminate diversity in practice in the accounting for previously held interests in the assets and liabilities of a joint operation in transactions in which an entity obtains control, or joint control, of a joint operation that meets the definition of a business.	January 01, 2019
IFRS 16	Leases - IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.	January 01, 2019
IFRS 17	Insurance Contracts - address the principles for the recognition, measurement, presentation and disclosure of Insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	January 01, 2021
IAS 1	Presentation of Financial Statements - amendments to its definition of material to make it easier for companies to make materiality judgements. The materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.	January 01, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - The amendments are intended to make the definition of material easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.	January 01, 2020
IAS 12	Income tax - Recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised. The amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.	January 01, 2019
IAS 19	Employee Benefits - The amendments require an entity: To use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after plan amendment, curtailment and settlement when entity measures its net defined benefit liability, and;	January 01, 2019

	To recognise in profit or loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of impact of the asset ceiling.	
IAS 23	Borrowing Costs - to clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowings made specifically to obtain that qualifying asset as part of the funds that it has borrowed.	January 01, 2019
IAS 28	Investment in Associates and Joint Ventures – Clarification that an entity may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture measuring an associate or joint venture at fair value. The amendment clarifies that an entity applies IFRS 9 'Financial Instruments' long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019

3. ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except as disclosed in note 4.15 and 4.17 to these financial statements.

4.1 Property, Plant and Equipment

4.1.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation provided on a diminishing balance method at the rates mentioned in the relevant note except for free hold land which is amortized on a straight line basis. Depreciation is charged from the date the asset is put into operation and discontinued from the date the asset is retired.

Gain and loss on disposal of assets are included in the profit and loss account currently.

4.1.2 Subsequent costs

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

4.1.3 Impairment of assets

The carrying amount of the Company's assets are reviewed at each reporting date to identify circumstances indicating concurrence of impairment loss or reversal of previous impairment losses. If any such indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.2 Investment property

Property held to earn rentals or for capital appreciation or for both is classified as investment property. Investment property comprises free hold land and buildings on free hold land. After initial recognition an investment property is carried at fair value and gain or loss arising from a change in the fair value of investment property is recognised in profit or loss for the period in which it arises.

The investment property of the Company has been valued by independent professionally qualified valuer as at June 30, 2018. The fair value of the investment property is based on active market prices.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognized in the equity as a revaluation reserve for investment property. However, if a fair value gain reverses a previous impairment loss the gain is recognized in the profit and loss account to the extent of impairment charged previously in the profit and loss account. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through the profit and loss account.

4.3 Stores and Spares

Stores, spares and loose tools are valued at average cost except for items in transit which are stated at cost incurred up to the reporting date. For items which are slow moving and / or identified as surplus the Company's requirements, adequate provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.4 Stock in trade

Stock in trade is valued at the lower of cost and net realizable value.

Cost incurred in bringing each product to its present location and condition are accounted for as follows:

Raw and packing material except in transit/bond	at purchase cost on an average basis
Finished goods and work in progress	average production cost which includes cost of:
	Direct material
	Direct wages
	Direct expenses
	Overheads

Items in transit/bond are valued at cost comprising invoice values plus other charges incurred thereon up to the reporting date.

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

Trading goods are accounted for on cost which is the invoice value plus other expenses incurred to bring them to the point of sale.

4.5 Trade debts

These are initially stated at fair value and subsequently measured at amortized cost using effective interest rate method less provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

4.6 Trade and other payable

Trade and other amounts payable are recognized initially at fair value and subsequently carried at amortized cost.

4.7 Taxation

4.7.1 Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and rebates available, if any.

4.7.2 Deferred

Deferred tax is recognized using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax asset amounting to Rs. 8.533 million (2018: Rs. 10.175 million) mainly arising on unused tax losses has not been recognized in these financial statements in accordance with the above policy.

4.8 Retirement benefits

The company operates an unfunded gratuity scheme. Liability in respect of gratuity payable to employees has been fully provided for in these financial statements on the basis of actuarial valuation and is charged to profit and loss account. The latest actuarial valuation was carried out as at June 30, 2018. The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Projected unit credit method, using following significant assumptions, is used for determining the liability.

Discount rate	7.25%
Expected rate of salary increase	6.25%

Mortality rates assumed were based on SLIC (2001-2005) mortality table.

4.9 Provisions

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

4.10 Foreign currencies

Pakistan rupee (PKR) is the functional currency of the Company. Transaction in foreign currencies are recorded in PKR at the exchange rate approximating those prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are reported in PKR at the exchange rate approximating those prevalent at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies, are translated using the exchange rates at the date when the fair value was determined. Foreign exchange gains and losses resulting from the settlement of such transactions and translations are taken to income currently.

4.11 Revenue recognition

Rental income is recognized on accrual basis.

4.12 Borrowing cost

Borrowing costs are recognized as an expense in the period they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the asset.

4.13 Related party transactions

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

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flow, cash and cash equivalents include cash in hand and with banks and other short term highly liquid investments with maturities of three months or less. The fair value of cash and cash equivalents approximate their carrying amount.

4.15 Financial assets and liabilities

Financial Assets

i) Amortised Cost

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

(ii) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Fair value through profit or loss

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

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

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

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

Financial Liabilities

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

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

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

4.16 Off-setting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously and the same is required or permitted by IAS/IFRS or interpretations thereof.

4.17 Impairment

(a) Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

(b) Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use.

Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

4.18 Interest free loan from directors

According to technical release 32 issued by the Institute of Chartered Accountants of Pakistan (ICAP) according to which a loan to an entity by the director which is agreed to be paid at the discretion of the entity does not pass the test of liability and is to be recorded as equity at face value. This is not subsequently re-measured. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the director's loan would be a direct debit to equity.

	Note	2019	2018
5 PROPERTY, PLANT AND EQUIPMENT		----------(Rupees)--------	
Operating assets	5.1	3,445,367	4,214,436
Capital work in progress - Civil works		663,508	-
		4,108,875	4,214,436

5.1 Operating Assets

Description	Plant & machinery	Workshop tools and equipment	Electric fittings	Furniture and fixture	Office equipment	Vehicle	Total
	----------(Rupees)----------						
COST							
Balance as at 01 July 2017	55,327,036	466,091	2,649,199	1,081,836	1,328,424	4,550,651	65,403,237
Additions	-	-	201,012	-	-	789,000	990,012
Deletion	-	-	-	-	-	(895,030)	(895,030)
Balance as at 30 June 2018	**55,327,036**	**466,091**	**2,850,211**	**1,081,836**	**1,328,424**	**4,444,621**	**65,498,219**
Balance as at 01 July 2018	55,327,036	466,091	2,850,211	1,081,836	1,328,424	4,444,621	65,498,219
Additions	-	-	-	-	-	1,020,000	1,020,000
Deletion	-	-	-	-	-	(2,189,000)	(2,189,000)
Balance as at 30 June 2019	**55,327,036**	**466,091**	**2,850,211**	**1,081,836**	**1,328,424**	**3,275,621**	**64,329,219**
DEPRECIATION							
Balance as at 01 July 2017	54,024,604	461,209	2,583,317	933,474	990,954	2,278,300	61,271,858
Charge for the year	130,243	488	20,993	14,836	33,747	304,863	505,170
Deletion	-	-	-	-	-	(493,245)	(493,245)
Balance as at 30 June 2018	**54,154,847**	**461,697**	**2,604,310**	**948,310**	**1,024,701**	**2,089,918**	**61,283,783**
Balance as at 01 July 2018	54,154,847	461,697	2,604,310	948,310	1,024,701	2,089,918	61,283,783
Charge for the year	117,219	439	24,590	13,353	30,372	195,994	381,967
Deletion	-	-	-	-	-	(781,898)	(781,898)
Balance as at 30 June 2019	**54,272,066**	**462,136**	**2,628,900**	**961,663**	**1,055,073**	**1,504,014**	**60,883,852**
CARRYING AMOUNT - 2018	**1,172,189**	**4,394**	**245,901**	**133,526**	**303,723**	**2,354,703**	**4,214,436**
CARRYING AMOUNT - 2019	**1,054,970**	**3,955**	**221,311**	**120,173**	**273,351**	**1,771,607**	**3,445,367**
RATE OF DEPRECIATION (%)	**10%**	**10%**	**10%**	**10%**	**10%**	**20%**	

	2019	2018
	----------(Rupees)--------	
5.2 Depreciation has been charged to:		
Administrative expenditure	381,967	505,170

5.3 Details of disposal of fixed assets

Particulars	Original Cost	Accumulated Depreciation	Written down Value	Sales Proceeds	Profit / (Loss)	Sold to	Mode of disposal
	----------(Rupees)----------						
TOYOTA - (Liteace)	1,400,000	644,833	755,167	1,275,000	519,833	Mr. Abdul Ghafoor, Karachi.	Negotiation
DIAHATSU - (Hijet)	789,000	137,065	651,935	625,000	(26,935)	Mr. Ubaid Saleem, Karachi.	Negotiation
	2,189,000	781,898	1,407,102	1,900,000	492,898		

6 INVESTMENT PROPERTY

Description	Free hold land	Building on Free hold land	Total
	----------(Rupees)----------		
Balance as at 01 July 2017 - Fair value	398,000,000	43,512,476	441,512,475
Additions to cost during the year:	-	-	-
Revaluation gain / (loss)	12,000,000	(488,783)	11,511,217
Balance as at 30 June 2018 - Fair Value	410,000,000	43,023,693	453,023,692
Balance as at 01 July 2018 - Fair value	410,000,000	43,023,693	453,023,692
Additions to cost during the year:	-	-	-
Revaluation gain / (loss)	19,925,000	(438,029)	19,486,971
Balance as at 30 June 2019 - Fair Value	429,925,000	42,585,664	472,510,663

6.1 Had there been no revaluation the written down values of revalued investment property (after providing depreciation if any) would have been as follows:

	2019	2018
	---------(Rupees)--------	
Free hold land	94,880,000	94,880,000
Buildings on free hold land	2,266,957	2,464,084
	97,146,957	97,344,084

6.2 The Forced Sale Value of the investment property is estimated as follows:

Free hold land	343,940,000	287,000,000
Buildings on free hold land	34,068,531	30,116,585
	378,008,531	317,116,585

7 LONG TERM INVESTMENT - QUOTED

At fair value through other comprehensive income

Pan Islamic Steamship Company Limited 288 (2018: 288) Ordinary shares of Rs. 100/- each	7.1	16,137	16,137
Amreli Steels Limited 10,000 shares (2018: Nil) Ordinary shares of Rs. 10/- each market value Rs. 24.66 (2018: Rs. Nil) per share		261,765	-
K-Electric Limited 150,000 shares (2018: Nil) Ordinary shares of Rs. 3.5/- each market value Rs. 4.39 (2018: Rs. Nil) per share		658,436	-
Nishat Chunian Limited 5,000 shares (2018: Nil) Ordinary shares of Rs. 10/- each market value Rs. 35.02 (2018: Rs. Nil) per share		209,763	-
Worldcall Telecom Limited 1,000,000 shares (2018: Nil) Ordinary shares of Rs. 10/- each market value Rs. 0.7 (2018: Rs. Nil) per share		890,487	
		1,100,250	-
Less: Provision for diminution in value of investments	7.1	(16,136)	(16,136)
Change in fair value		(240,251)	-
		843,863	(16,136)

7.1 Considering the materiality of amount and no trading in Stock Exchange in these shares, these have not been carried at market value as required by IFRS-9. Further, full provision has been made leaving a token value of Re. 1.

		Note	2019	2018
			----------(Rupees)----------	
8	**STORES AND SPARES**			
	Stores		196,970	196,970
	Spares		2,531,821	2,531,821
			2,728,791	2,728,791
	Less: Provision for obsolete stock		(2,728,791)	(2,728,791)
			-	-
9	**TRADE DEBTS**			
	Trade debts - unsecured considered good		2,535,197	2,796,397
	Less: Provision against doubtful debts		(2,012,797)	(2,012,797)
		9.1	522,400	783,600

9.1 These are in the normal course of business and interest free.

10	**LOANS AND ADVANCES**			
	Advances to suppliers and others	10.1	4,228,361	3,867,863
	Less: Provision against doubtful advances		(3,807,863)	(3,807,863)
			420,498	60,000

10.1 This represents advances to suppliers and others in the normal course of business and do not carry any interest or mark-up.

11	**DEPOSITS AND INCOME TAX**			
	Deposits	11.1	1,028,846	148,846
	Advance income tax		3,959,147	3,908,778
	Tax refund due from government		-	774
			4,987,993	4,058,398

11.1 This represents short term deposits in the normal course of business and do not carry any interest or mark-up.

12	**CASH AND BANK BALANCES**			
	At bank in current accounts		4,658,985	5,023,403
			4,658,985	5,023,403
13	**NET ASSETS IN BANGLADESH**			
	Board Loan Unit		10,196,790	10,196,790
	Deduct: Loan from PICIC and interest accrued thereon		(4,741,141)	(4,741,141)
			5,455,649	5,455,649
	Investment: 712,500 (2018: 712,500) fully paid ordinary Shares of Rs. 10/- each Hafiz Jute Mills Ltd.		7,125,000	7,125,000
	Chittagong branch:			
	Vehicles		106,085	106,085
	Office equipment		24,319	24,319
	Furniture and fixtures		3,641	3,641
			134,045	134,045
			12,714,694	12,714,694
	Deducted: Accumulated depreciation		(44,389)	(44,389)
			12,670,305	12,670,305
	Less: Provision made during 1986-87		(12,670,304)	(12,670,304)
			1	1

14 ISSUED, SUBSCRIBED AND PAID-UP

395,000 (2018: 395,000) ordinary shares of Rs. 10/- each fully paid in cash	3,950,000	3,950,000
105,000 (2018: 105,000) ordinary shares of Rs. 10/- each issued for consideration other than cash	1,050,000	1,050,000
700,000 (2018: 700,000) ordinary shares of Rs. 10/- each issued as fully paid bonus shares	7,000,000	7,000,000
	12,000,000	12,000,000

15 DEFERRED LIABILITY- Gratuity

Movement in net liability recognized

Opening net liability		311,412	296,874
Expense charge for the year	15.1	33,367	29,729
Remeasurement gain on obligation		(21,454)	(15,191)
		323,325	311,412
Benefits paid during the year		-	-
Closing net liability		323,325	311,412

15.1 Expense charge for the year

Current service cost	8,454	8,206
Interest cost	24,913	21,523
Expense for the year	33,367	29,729

15.2 Historical information

	2019	2018	2017	2016	2015
	----------(Rupees)----------				
Present value of defined benefit obligation	323,325	311,412	296,874	296,874	285,355
Fair value of plan assets	-	-	-	-	-
Deficit in the plan	323,325	311,412	296,874	296,874	285,355
Unrecognised actuarial gain / (loss)	-	-	-	-	-
Liability in statement of financial position	311,412	311,412	296,874	296,874	285,355
Remeasurement (gain)/loss on obligation	(21,454)	(15,191)	(17,228)	(24,569)	(29,199)

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

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		--------Rupees-------	
Discount rate	1%	303,321	319,923
Salary growth rate	1%	319,923	303,170

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the statement of financial position.

15.4 The average duration of the defined benefit obligation is 3 years.

		Note	2019	2018
16	**TRADE AND OTHER PAYABLE**		----------(Rupees)----------	
	Accrued liabilities		2,887,222	2,743,135
	Deposits	16.1	2,930,036	2,379,648
	Unearned rental income		-	307,294
	War risk insurance premium	17.1.1	494,415	494,415
			6,311,673	5,924,492

16.1 All deposits are re-payable on demand and no interest is payable thereon.

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 The Company has a contingent liability of Rs. 1.12 million in respect of "War Risk Insurance Dues" for the year 1971 imposed by Federation of Pakistan through its secretary commerce. The Company has filed an appeal with the Honorable High Court of Sindh and the case is still in progress. As a matter of prudence the Company has made a provision of Rs. 0.494 million.

17.1.2 During the year 1992, the Company was served a notice by the Honorable High Court of Sindh in respect of termination of various employees. The notice says that Company should pay Rs. 0.41 million as a compensation to them. The Management is hopeful that the case will be decided in Company's favour.

17.1.3 During the year 2010, SECP vide its order EMD/233/253/2002-1131 dated May 20, 2010 under the provisions of Section 473 of the Companies Ordinance, 1984 directed the Company to reverse the Director's loan of Rs. 57,790,720 and write back advances from suppliers/creditors to the profit and loss account of the Company. The Company's appeal before SECP has been dismissed but the Company has filed appeal before Honorable High Court of Sindh. Since, the outcome of the above appeal is pending and in view of the fact that Management is confident that appeal will be decided in Company's favour, no provision has been made in these financial statements in this regard.

17.2 Commitments

There were no outstanding commitments as at June 30, 2019 (2018: Nil).

18	**ADMINISTRATIVE EXPENDITURE**			
	Directors' remuneration	24	947,850	947,850
	Salaries, bonus and benefits	18.1	501,367	497,729
	Electricity expenses		941,985	711,395
	Postage, telegram & telephone		230,663	242,123
	Printing & stationery		121,409	167,766
	Vehicle maintenance		312,921	493,310
	Legal & professional charges		129,440	114,920
	Auditor's remuneration	18.2	261,400	261,400
	Fees & subscription		643,430	412,436
	Rent, rates & taxes		376,202	376,202
	Repairs & maintenance		352,570	958,767
	Depreciation		381,967	505,170
	Entertainment		240,062	438,612
	Advertisement		50,500	50,580
	Travelling expenses		64,230	-
			5,555,996	6,178,260

18.1 These include retirement benefits of Rs. 11,913 (2018: Rs. 29,729).

18.2 This includes:

Annual audit fee	240,000	240,000
Half yearly review	11,400	11,400
Out of pocket	10,000	10,000
	261,400	261,400

		Note	2019	2018
			----------(Rupees)----------	
19	**FINANCIAL CHARGES**			
	Bank charges		12,037	23,858
20	**OTHER INCOME**			
	Gain on sale of fixed assets - net		492,898	98,215
			492,898	98,215
21	**TAXATION**			
	Current		(1,973,344)	(2,871,914)
	Prior		478,652	762,818
			(1,494,692)	(2,109,096)
21.1	**Relation between tax expense and accounting profit**			
	Profit before taxation		25,678,391	19,061,730
	Tax rate		29%	30%
	Tax on accounting profit		(7,446,733)	(5,718,519)
	Tax effect of temporary differences arising due to alternate corporate tax.		5,473,390	2,846,605
	Effect of change in prior years' tax		478,652	762,818
	Tax charge		(1,494,692)	(2,109,096)

Management has provided sufficient tax provision in financial statement in accordance with Income Tax Ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for last three years

	Demeed assessment	Provision
	----------(Rupees)----------	
Tax year 2018	2,393,262	2,871,914
Tax year 2017	2,144,034	2,967,645
Tax year 2016	2,086,098	2,906,852

22 EARNINGS PER SHARE

22.1 Basic earnings per share

Profit for the year	24,183,699	16,952,634
Weighted average number of ordinary shares in issue during the year	1,200,000	1,200,000
Earnings per share	20.15	14.13

22.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2019 and 2018 which would have any effect on the earnings per share if the option to convert is exercised.

23 DIRECTORS AND CHIEF EXECUTIVE EMOLUMENTS

	2019		2018	
	Chief Executive	Director	Chief Executive	Director
Remuneration	300,000	180,000	300,000	180,000
Utilities	175,000	292,850	175,000	292,850
	475,000	472,850	475,000	472,850
Number of persons	1	1	1	1

No meeting fee is paid to any director and no remuneration is paid to any other director.

24 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, directors and key management personnel of the Company.

Details of transactions with related parties during the year were as follows:

Relationship	Nature of transactions	2019	2018
		-------(Rupees)-------	
Director	Repayment of loan to Director	-	2,350,900

25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk

26 CREDIT RISK

26.1 Exposure to credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

Deposits	1,028,846	148,846
Cash and bank balances	4,658,985	5,023,403
	5,687,831	5,172,249

26.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2019					
	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years
Trade and other payable	6,311,673	6,311,673	6,311,673	-	-	-
Unclaimed dividend	3,264,871	3,264,871	3,264,871			
	9,576,543	9,576,543	9,576,543	-	-	-

	2018					
	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years
Trade and other payable	5,924,492	5,924,492	5,924,492	-	-	-
Unclaimed dividend	2,804,210	2,804,210	2,804,210			
	8,728,702	8,728,702	8,728,702	-	-	-

26.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

26.4 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue bonus / new shares.

27 SUBSEQUENT EVENT

In respect of current year, the directors have proposed to pay final cash dividend of Rs. 1.8 million (2018: Rs. 2.1 million) at Rs.1.50 (2018: Rs. 1.75) per ordinary share each for approval of the shareholders at the forthcoming Annual General Meeting to be held on 28th October, 2019. Financial effect of the proposed dividend has not been taken in these financial statements and will be accounted for subsequently in the year when such dividend is approved.

	2019	2018
28 NUMBER OF EMPLOYEES	-------(Numbers)------	
The total number of employees for the year	1	1
Average number of employees during the year	1	1

29 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed as required under Paragraph 10 of Part I of the 4th Schedule to the Companies Act, 2017 relating to "All Shares Islamic Index".

Description	Explanation
i) Loans and advances - asset	Non-interest bearing
ii) Deposits - liability	Non-interest bearing
iii) Bank balances	All bank accounts are maintained under conventional banking system
iv) Relationship with Shariah compliant banks	Company does not have any relationship with bank under Islamic windows of operations

30 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on 4th October, 2019 by the Board of Directors of the Company.

31 GENERAL

Figures have been rounded off to the nearest rupee.

Karachi
4th Oct., 2019.

Muhammad Shahid Siddiqui
CFO

Fakhruddin Usmani
CEO

Quamruddin Osmani
Director

FORM - "34"

Pattern of holding of shares held by the share holders as on 30th June, 2019.

No. of shareholders	From	To	Share Value Rs.10/- each
719	1	100	32,442
143	101	500	33,933
22	501	1000	17,569
30	1001	5000	69,679
9	5001	10000	65,293
3	10001	15000	38,855
2	15001	20000	37,065
4	20001	25000	92,310
13	25001	30000	340,205
3	30001	35000	100,342
7	35001	40000	254,151
1	115001	120000	118,156
956			1,200,000

Categories of Share Holders	No. of Share Holders	Shares Held	%
Directors, Chief Executive Officer and their spouse and minor	20	417,158	34.75%
Associated Companies, Undertakings and related parties	1	118,156	9.84%
NIT and ICP	2	2,226	0.19%
Banks, Development Finance Institutions, Non-banking Finance institutions	5	140	0.01%
Insurance Companies	1	200	0.02%
Modarabas and Mutual Funds	1	20	0.01%
Share Holders Holding 10%	-	-	0.00%
General Public	923	659,956	55.00%
Others (Joint Stock Companies)	3	2,144	0.18%
	956	1,200,000	100.00%
Directors, Chief Executive Officer and their spouse and minor			
Mr. Fakhruddin Usmani	1	36,000	3.00%
Mr. Quamruddin Usmani	1	35,000	2.92%
Mr. Muhammad Farooq Usmani	1	34,980	2.92%
Mr. Mahmood Wali Muhammad	1	36,000	3.00%
Mr. Muhammad Atiq	1	35,835	2.99%
Mr. Ali Muhammad Usmani	1	11,906	0.99%
Mr. Muhammad Shahzad Fakir	1	20,000	1.67%
Mrs. Sabra Fakhruddin (Spouse of Directors & CEO)	1	30,362	2.53%
Mrs. Zahida Quamruddin (Spouse of Directors & CEO)	1	27,455	2.29%
Mrs. Nasreen Farooq (Spouse of Directors & CEO)	1	25,831	2.15%
Mrs. Parveen Mahmood (Spouse of Directors & CEO)	1	21,598	1.80%
Mrs. Rukiya Atiq (Spouse of Directors & CEO)	1	21,612	1.80%
Mrs. Noor Fatima (Spouse of Directors & CEO)	1	24,700	2.05%
Miss. Kashf (Minor Children of Directors & CEO)	1	5,476	0.46%
Miss. Javeria (Minor Children of Directors & CEO)	1	5,021	0.42%
Miss. Resha (Minor Children of Directors & CEO)	1	8,068	0.67%
Miss. Sanabil (Minor Children of Directors & CEO)	1	9,000	0.74%
Miss. Rema (Minor Children of Directors & CEO)	1	6,600	0.55%
Miss. Zynal Al Saba (Minor Children of Directors & CEO)	1	7,100	0.58%
Mr. Shabbir Hassan (Minor Children of Directors & CEO)	1	14,614	1.22%
	20	417,158	34.75%
Associated Companies, Undertakings			
Textile Trading Company Limited	1	118,156	9.84%
NIT and ICP			
Investment Corporation of Pakistan	1	1,203	0.10%
National Bank of Pakistan	1	1,023	0.09%
	2	2,226	0.19%
Banks, Development Finance Institutions, Non-Banking Finance Companies			
Habib Bank Ltd. KSE Br., Karachi	1	6	0.00%
HBL A/c A.G. Ismail	1	2	0.00%
HBL A/c A.K. Haji Moosa	1	2	0.00%
Muslim Commercial Bank Ltd	1	100	0.01%
Habib Bank Limited, HS Branch, Karachi	1	30	0.00%
	5	140	0.01%
Insurance Companies			
Pakistan Insurance Corporation	1	200	0.02%
Mutual Fund			
H.M. Investment (Pvt) Limited	1	20	0.01%
General Public			
a) Local b) Foreign	923	659,956	55.00%
b) Foreign	-	-	0.00%
	923	659,956	55.00%
Others (Joint Stock Companies)			
BCGA Punjab (Pvt.) Limited	1	2,004	0.16%
Fateh Textile Mills Limited	1	100	0.01%
Zam Zam Limited	1	40	0.01%
	3	2,144	0.18%
	956	1,200,000	100.00%

Dear Shareholder,

NOTICE FOR UNCLAIMED SHARES / DIVIDENDS

Pursuant to the requirement of Section 244 of the Companies Act, 2017 (the "Act"), now all companies are required to surrender physical shares/dividends which remain unclaimed or unpaid for over three years, as on May 30, 2014, to the Federal Government.

As per Company's record, there are some outstanding / physical shares/ dividends in respect of your above mentioned folio/account.

You are hereby requested to immediately lodge your claim to our share Registrar or our registered office at following address within 90 days of date of this notice, along with relevant documents in support of your claim under a duly signed letter (in accordance with specimen signature recorded with the Company):

Share Registrar:
M/s F.D. Registrar Services (Pvt.) Ltd.
1705, 17th Floor, Saima Trade Tower 'A'
I. I. Chundrigar Road,
Karachi.
Tel # +92-21-32271905

or

Registered office:
Hafiz Limited
97, Alliance Building, 2nd Floor,
Moolji Street, Mereweather Tower,
Karachi.
Tel # +92-21-32440371

Please note that if the Company does not receive a claim from you within the aforesaid time period, then the Company shall proceed to deposit unclaimed physical shares / dividends in its possession, with the Federal Government pursuant to the provisions of sub section (2) of section 244 of the Act.

Sincerely

Company Secretary
HAFIZ LIMITED

Note: This is a computer generated letter hence does not require any signature.

HAFIZ LIMITED

97 Alliance Building, 2nd Floor, Moolji Street, Mereweather, Tower, Karachi-74000.

NOTICE OF MANDATORY PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE

Subsequent to promulgation of Companies Act, 2017, and as per section 242 of the said Act now it is mandatory for listed companies that dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

Keeping in view the same, all cash dividend, if declared, by the Company in future will be directly transferred in bank account. In order to enable us to follow the directives of the regulators in regard to payment of divided only through electronic mode, you are requested to please provide/update your bank account detail in below mentioned format.

I hereby authorize **HAFIZ LIMITED** to directly credit cash dividend declared by it, if any, in the below mentioned bank account.

Bank Account Details of Transfer for Cash Dividend

**(Mandatory to provide)*

i) Shareholder's Detail	
Name of Company	
Name of shareholder	
Folio No/CDC Participants ID A/c No.	
CNIC No	
Passport No, (in case of foreign shareholder)**	
Land Line Phone Number	
Cell Number	

ii) Shareholder's Bank Detail	
Tile of Bank Account	
Bank Account Number (16 Digital) IBAN	
Bank's Name	
Branch Name and Address	

1. It is stated that the above-mentioned information is correct, that I will intimate the changes in the above mentioned information to the above addresses as soon as these occur.

(Signature of shareholder) _____

KINDLY NOTE: COMPANY MAY WITHHOLD THE PAYMENT OF DIVIDEND OF A MEMBER WHERE THE MEMBER HAS NOT PROVIDED THE COMPLETE INFORMATION OR DOCUMENTS AS SPECIFIED.

The shareholder who hold shares in physical form are requested to submit the above mentioned dividend mandate km after duly filled in to Company's Share Registrar office, M/s,F.D. Registrar Services (SMC. Pvt.) Ltd 1705, 17th floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000 Shareholders who hold shares in Central Depository Company are requested to submit the above mentioned dividend mandate form after duly filled in to their participants/investor account services of the central depository company limited.

For any query, you may please contact us Tel # 02132440371 or email us at htm1951@hotmail.com

Thanking you.
S. Shafiq Hasan
(Company Secretary)

Note: This is a computer generated letter and does not require signature.
*Please attach attested photocopy of CNIC
**Please attach attested photocopy of the Passport

I,_____ CNIC_____
of _____
being a member of **HAFIZ LIMITED**, and entitled to _____vote (votes) hereby appoint Mr._____ NIC _____ _____ of _____ as my proxy _____ to vote for me and my behalf at **68th Annual General Meeting** of the Company to be held on **Monday , 28th October, 2019 at 11:15 a.m.** and at any adjournment thereof.

As witness my/our hand seal this_____ day of _____

Signed by _____

Said in presence of: -

1. Name ____ _____ Address_____
_____ N.I.C. No._____.

2. Name _____ Address_____
_____ _____ N.I.C. No._____.

Folio No.	CDC Account #	
	Participant I.D.	Account #

Signature on Five Rupees Revenue Stamps

The Signature should agree with the specimen register of the company

N.B.:

1. The proxy duly signed across 5/ - rupees Revenue Stamp should reach the Company's Office at least 48 hours before the time of meeting. Please quote number of shares _____ Register ed Folio No._____ _____.
   A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Such proxy must be a member of the company.
2. Original CNIC of shareholder is necessary to attend the AGM alongwith a photo copy of CNIC to submit at the desk of reception.
3. **For CDC Account Holders / Corporate Entities**
   In addition to the above the following requirements have to be met.
   (i) Attested copies of C NIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
   (ii) The proxy shall produce his original CNIC or original passport at the time of meeting.
   (iii) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier along with proxy form to the company).

Company Information 2019

Board of Directors	:	*Quamruddin Osmani*	*Chairman*
	:	*Fakhruddin Usmani*	*Chief Executive*
	:	*Muhammad Farooq Usmani*	*Director*
	:	*Mahmood Wali Muhammad*	*Director*
	:	*Muhammad Atiq*	*Director*
	:	*Ali Muhammad Usmani*	*Director*
	:	*Muhammad Shahzad Fakir*	*Director*
Board of Audit Committee			
Chairman	:	*Quamruddin Osmani*	
Members	:	*Muhammad Farooq Usmani*	
		Mahmood Wali Muhammad	
Board of Human Resource Committee			
Chairman	:	*Ali Muhammad Usmani*	
Members	:	*Farkkruddin Usmani*	
		Quamruddin Osmani	
Chief Financial Officer	:	*Muhammad Shahid Siddiqui*	
Company Secretary	:	*S. Shafiq Hasan*	
Bankers	:	*Habib Metropolitan Bank Ltd.*	
	:	*HBL Bank Limited*	
	:	*MCB Bank Limited*	
	:	*National Bank of Pakistan*	
Auditors	:	*MAZARS M.F. & Co.*	
		Chartered Accountants,	
		Karachi.	
Shares Registrar	:	*F.D. Registrar Service (Pvt.) Ltd.*	
		170-5, 17th Floor, Saima Trade Tower-A	
		I. I. Chundrigar Road, Karachi-74000	
Registered Office	:	*97, Alliance Building, 2nd Floor,*	
		Moolji Street, Mereweather Tower,	
		Karachi-74000.	
Mill at	:	*D-9, S.I.T.E., Karachi.*	
Webside	:	*www.hafiztm.com*	

BOOK POST

UNDER POSTAL CERTIFICATE

If undelivered pleased return to:

HAFIZ LIMITED

97, Alliance Building, Moolji Street, Mereweather Tower, Karachi-74000. Tel: 021-32440371