SALMAN NOMAN ENTERPRISES LTD.

ANNUAL REPORT
2017

CONTENTS

COMPANY'S INFORMATION

BOARD OF DIRECTORS	MR. NOMAN ALMAS	CHIEF EXECUTIVE-EXECUTIVE DIRECTOR
	MR. ABDUL SHAKOOR	INDEPENDENT DIRECTOR
	MR. MUHAMMAD AKRAM	INDEPENDENT DIRECTOR
	MR. NAVEED AHMED	INDEPENDENT DIRECTOR
	MR. MUHAMMAD FIAZ	NON-EXECUTIVE DIRECTOR
	MR. MUHAMMAD RAMZAN	NON-EXECUTIVE DIRECTOR
	MR ZAHID ALI	NON-EXECUTIVE DIRECTOR
AUDIT COMMITTEE	MR. NAVEED AHMED	CHAIRMAN-INDEPENDENT DIRECTOR
	MR. ABDUL SHAKOOR	INDEPENDENT DIRECTOR
	MR. ZAHID ALI	NON-EXECUTIVE DIRECTOR
HUMAN RESOURCE AND REMUNERATION COMMITTEE	MR. MUHAMMAD AKRAM	CHAIRMAN-INDEPENDENT DIRECTOR
	MR. MUHAMMAD FIAZ	NON-EXECUTIVE DIRECTOR
	MR. MUHAMMAD RAMZAN	NON-EXECUTIVE DIRECTOR
COMPANY SECRETARY	MR. MUHAMMAD SAEED	
AUDITORS	MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS	
REGISTERED OFFICE	3 – K.M. BALLOKI ROAD BHAI PHERU, DISTT. KASUR	
REGISTRAR SHARE SERVICE	CORPLINK (PVT) LIMITED. WINGS ARCADE, 1-K, COMMERCIAL, MODEL TOWN, LAHORE.	
HEAD OFFICE:	76-B,NEW MUSLIM TOWN, LAHORE – 54600 WEB SITE: www.sntextile.com E-MAIL:snel36@hotmail.com nauman@sntextile.com	
MILLS	3-KM, BALLOKI ROAD BHAI PHERU DISTT. KASUR.	

NOTICE OF MEETING

Notice is hereby given that 32nd Annual General Meeting of Members of the Company will be held on Tuesday31stOctober, 2017 at 02:00 P.M. at Salman Noman Enterprises Limited, 3-K.M. Balloki Road, Bhai Pheru (Distt: Kasur) to transact the following business:-

1. Recitation from HOLY QURAAN.
2. To confirm the minutes of the Last Annual General Meeting.
3. To receive and adopt the audited accounts of the Company for the year ended June 30, 2017 together with the Directors' and Auditors Report thereon.
4. To appoint auditors and fix their remuneration for the year 2017-2018. M/s. Mushtaq & Company Chartered Accountants, being eligible, offer themselves for re-appointment.
5. To consider any other business with the permission of the Chief.

By Order of the Board

Lahore:
Dated: October 10, 2017

(MUHAMMAD SAEED)
Company Secretary

NOTE:

1. The Share Transfer Books of the Company will remain closed from October 25th, 2017 to October31st2017 (both days inclusive).
2. A member entitled to attend and vote at this Meeting may appoint proxy. Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. Shareholders who have deposited their shares into Central Depository Company are advised to bring their National Identity Card alongwith their CDC account number at the meeting venue.
4. Shareholders are requested to notify the change in address, if any, immediately

Vision:

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

Mission:

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

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

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the board of directors, I take pleasure to present Annual Report along with the Audited Accounts of the company pertaining to the financial year ending on June 30, 2017

FINANCIAL HIGHLIGHTS

The Company showed a loss after tax Rs.153,110,103 million for the year where as it was Rs.183,476,655 for the last year. The Financial results are summarized hereunder:-

	2017 Rupees	2016 Rupees
SALES	597,279,585	1,129,820,767
GROSS LOSS	(95,354,670)	(172,080,736)
OPERATING LOSS	(117,175,543)	(197,142,770)
FINANCIAL EXPENSES	(43,757,032)	(48,143,971)
TAXATION	7,822,472	61,810,085
NET LOSS AFTER TAX	(153,110,103)	(183,476,655)
LOSS PER SHARES	(34.28)	(41.07)

The period under review has also been proved difficult period for the textile industry. The Management has closed the factory for 4 months due to the adverse operating conditions prevailing the textile spinning sector. The driving force for this non operation had been non-availability of working capital facility, litigations with the banking companies and challenging market conditions. Due to unilateral blockage of working capital line by the banks, the required working capital was not at our disposal and the company could not efficiently purchase raw material to run its operations. Fall in sale price of yarn, electricity and gas crisis, major consumption rate variance; low quality cotton resulted in lower yield and other fixed production overheads has also badly effect the profitability of the company.

In spite of all above facts the management of the company has started its operation in current period from some other outsources.

Several units of spinning were closed during the year due to heavy losses but the management of your company tried to find out different counts which were viable and have good market. Despite these circumstances the management has taken various steps to reduce cost of electricity and improve the quality and productivity.

Overall season of cotton is very good this year. We are expecting record cotton production in this season which is good news for textile sector. It will help our industry to run on its own available cotton rather than to import at higher rates from abroad. We are also planning to produce more specialized yarn which will help us to have more profitability.

We are very hopeful that next financial year will be better not for us but for overall textile sector. General Election is due in year 2018 and we believe that Government will give more incentives for business community to keep them on their side.

COST CONTROL

The management has instituted the cost control and efficiency approach. Cost control measures and efficiency has been a continuing pursuit of the management. However the costs have risen due to overall inflationary trend in almost all areas of overheads and shortage of energy like Gas and Electricity also increased cost of Production.

Earnings per ordinary shares amount to Rs. (34.28) in current year as compared to Rs. (41.07) in last year.

ADDITION TO FIXED ASSETS

During the year under review, the company has made addition of Rs. 0.692 million in plant and machinery to enhance the profitability and to improve the quality of yarn as well.

FUTURE OUTLOOK

Moving forward, outlook for textile industry is likely to remain challenging. However, the management of the company is continuously making efforts in order to improve the profitability of the company. The management of the company actively working on different plans to work out the best possible solution and to smoothly sail the company out of financial crises and to produce high quality of PC and PVyarn with the best available resources.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Board of Directors has taken necessary steps to comply with the provisions of code of corporate governance as incorporated in the listing regulations of Pakistan stock exchange. Statement of the compliance with the code of corporate governance is annexed.

STATEMENT ON CORPORATE & FINANCIAL REPORTING FRAMEWORK

The Company complies with the Code in the following manner.

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

b. Proper books of account of the Company have been maintained.

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

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

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are significant doubts upon the Company's ability to continue as a going concern as referred to the paragraph (h) of the auditor's report The Company has given significant plan to substantiate the going concern assumptions as given in the below paragraph under the head Going Concern.

g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h. Keeping in view the increased requirement of working capital due to high rates of raw material and finances required for re-payment of loans, it is considered necessary to conserve cash resources. The Directors, therefore, have decided not to recommend cash dividend. We have prepared and circulated a statement of ethics and business strategy among directors and employees.

i. The company operates an un-funded gratuity scheme for its employees and provision has been made in the accounts accordingly.

j. The board of directors has adopted a mission statement and a statement of overall corporate strategy.

k. During the year under review five meetings of the Board of Directors were held and attendance positions is hereunder:

Name of Director	Number of Meetings attended
Mr. Nauman Almas	5
Mrs. Shamim Akhtar	1
Mrs. Fareeha Pervaiz	1
Mrs. Shumaila Azeem	1
Mr. Waseem K. Haq	0
Mr. Muhammad Azhar Amin	1
Mr. Naveed Ahmed	3
Mr. Abdul Shakoor	4
Mr. Muhammad Akram	3
Mr. Muhammad Fiaz	4
Mr. Muhammad Ramzan	3
Mr. Zahid Ali	2

AUDIT COMMITTEE

The Board of Directors in compliance of the code of corporate governance has established Audit Committee. It comprises three members, of whom two are independent director and one is non-executive director. The Chairman of the Audit Committee is an independent director. The names of its members are given in the Company profile.

The terms of reference of the Audit Committee is based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the Board of Directors from time to time to improve the system and procedures.

Within the framework of terms of reference determined by the Board of Directors, the Audit Committee, among other things, will appoint the external auditors and review of periodic accounts.

HR AND REMUNERATION COMMITTEE

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

AUDITORS

The present auditors Messrs Mushtaq & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

PATTERN OF SHAREHOLDING

The pattern of shareholding as required by Section 236 of the Companies Ordinance 1984 and under Code of Corporate Governance is enclosed.

GOING CONCERN

During the year, the Company incurred loss amounting to Rs. 153.110 million (June 30, 2016: Rs. 183.477 million) and has reported accumulated losses amounting to Rs. 499.445 million (June 30, 2016: Rs. 363.512 million) at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs. 667.329 million (June 30, 2016: Rs. 436.886 million) at the year end. This results in severe liquidity crisis and inability of the company to comply with loan agreements and inability to pay long term financing from financial institutions amounting to Rs. 119.848 million, short term borrowing amounting to Rs. 168.691 million and accrued markup Rs. 91.156 million. The main reason of loss was due to curtailment of working capital lines by financial institutions, fall in sale price of yarn, electricity and gas crisis, major consumption rate variance, low quality cotton resulted in lower yield and other fixed production overheads. These conditions along with adverse key financial ratios indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

To substantiate its going concern assumption:

i It has been another tough year for textile industry. We suffered heavy losses not only due to market conditions but also due to shutdown of mill for almost four months during current financial year. Government has announced textile package and we are also looking forward that we will be able to survive with our current spin plan.

ii We are planning to run our new frames with our full production capacity to get maximum production. We will not use old machines which consume more man power and electricity and produce less comparatively.

iii Overall season of cotton is very good this year. We are expecting record cotton production in this season, which is good news for textile sector. It will help our industry to run on its own available cotton rather than to import at higher rates from abroad.

Iv We are also planning to produce more specialized yarn which will help us to have more profitability.

v. We are also hopeful that next financial year will be batter not only for us but for overall textile sector. General elections are due in year 2018 and we believe that Government will give more incentives to business community to keep them on their side.

Further refer to paragraph (b), (c), (d) and (e)& (h) in the Auditor's Report

b). No confirmation was received to verify the correctness of balance of long term loan and frozen markup from National Bank of Pakistan amounting to Rs. 22,126,199 and Rs. 5,032,000 respectively.

c). No confirmation was received to verify the correctness of balance of foreign bills payable amounting to Rs. 67,148,573.

d). No confirmation was received to verify the correctness of balance of finance lease payable from AL Baraka bank, First National Bank Modarba and Habib Metropolitan Bank amounting to Rs. 34,869,467, Rs. 40,587,672 and Rs. 6,398,258 respectively.

e). No confirmation was received to verify the correctness of balance of short term loans from National Bank of Pakistan, Bank Alfalah and First National Bank Modarba amounting to Rs. 118,333,851, Rs. 14,599,432 and Rs. 23,500,000

h). The auditors have given the adverse opinion about the significance of the inappropriate going concern assumption and other matters discussed in paragraph (a) to (f), the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended.

KEY OPERATING AND FINANCIAL DATA

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

DIVIDEND

As the accounts shows considerable losses for the year therefore no dividend is recommended by the Board of Directors in their meeting for the year ended June 30, 2017.

STATUTORY PAYMENTS

There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2017 except for those disclosed in the financial statements.

CORPORATE RESTRUCTURING AND BUSINESS EXPANSION

Company has currently no plans for corporate restructuring, business expansion and discontinuance of operations.

ACKNOWLEDGEMENT

The Directors of the Company wish to thanks its bankers for their continued support and wish to place on record their appreciation towards the employees for their dedicated services and hard work without which all this would have not been possible.

For & on behalf of the Board

NAUMAN ALMAS
Chief Executive

Lahore,
Dated: October 10, 2017

حصص داران کے لئے مجلسِ نظماء کی رپورٹ

مجلس نظماء کی جانب سے، میں 30 جون 2017 ءکوختم ہونے والے مالی سال سے متعلق کمپنی کے نظر ثانی شدہ حسابات کے ساتھ ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

مالیاتی جھلکیاں

کمپنی نے اس سال کے لئے 153,110,103 ملین روپے بعد از ٹیکس نقصان ظاہر کیا جو کہ گزشتہ سال کے لئے 183,476,655 روپے تھا۔ مالیاتی نتائج کا خلاصہ حسب ذیل ہے:۔

تفصیل	2017(روپے)	2016(روپے)
فروخت	597,279,585	1,129,820,767
مجموعی نقصان	(95,354,670)	(172,080,736)
آپریٹنگ نقصان	(117,175,543)	(197,142,770)
مالی اخراجات	(43,757,032)	(48,143,971)
ٹیکسیشن	7,822,472	61,810,085
بعد از ٹیکس نقصان	153,110,103	183,476,655

زیر جائزہ مدت بھی ٹیکسٹائل صنعت کے لئے مشکل ثابت ہوئی ہے۔ ٹیکسٹائل سپننگ شعبہ پر موجودہ منفی آپریٹنگ حالات کے باعث انتظامیہ نے فیکٹری کو 4 مہینوں تک بند کردیا ہے۔ اس غیر آپریشن کے لئے ڈرائیونگ فورس ورکنگ کیپٹل سہولت کی عدم دستیابی، بینکنگ کمپنیوں کے ساتھ مقدمہ بازی اور چیلنجنگ مارکیٹ کے حالات کا سامنا تھا۔ بینکوں کی طرف سے ورکنگ کیپٹل لائن کی یک طرفہ رکاوٹ کی وجہ سے، مطلوبہ ورکنگ کیپٹل ہمارے ڈسپوزل میں دستیاب نہیں تھا اور کمپنی اپنے آپریشنوں کو چلانے کے لئے خام مال کو مؤثر طور پر نہیں خرید سکتی تھی۔ یارن کی قیمت فروخت میں کمی، بجلی اور گیس کا بحران، اہم مصرفات کی شرح میں فرق، کم پیداوار کے نتیجہ میں کم معیار کی کپاس اور دیگر مقررہ پیداواری اخراجات نے کمپنی کے منافع کو بُری طرح متاثر کیا ہے۔

مذکورہ بالا تمام حقائق کے باوجود، کمپنی کی انتظامیہ نے موجودہ مدت میں چند دیگر بیرونی ذرائع سے اپنا آپریشن شروع کیا ہے۔

بھاری نقصانات کی وجہ سے سال کے دوران سپننگ کے کئی یونٹس بند ہوگئے تھے لیکن کمپنی کی انتظامیہ نے مختلف کاؤنٹس تلاش کرنے کی کوشش کی جو قابل عمل اور اچھی مارکیٹ رکھتے تھے۔ ان حالات کے باوجود انتظامیہ نے بجلی کی لاگت کو کم کرنے اور معیار اور پیداوار کو بہتر بنانے کے لئے مختلف اقدامات کئے ہیں۔

کپاس کی فصل کا موسم مجموعی طور پر اس سال بہت اچھا ہے۔ ہم اس موسم میں کپاس کی ریکارڈ پیداوار کی توقع کر رہے ہیں جو ٹیکسٹائل کے شعبے کے لئے ایک اچھی خبر ہے۔ یہ ہماری صنعت کو بیرون ملک سے اعلیٰ شرحوں پر درآمد کے بجائے اپنی دستیاب کپاس پر چلانے میں مدد کرے گی۔ ہم مزید خصوصی یارن پیدا کرنے کی بھی منصوبہ بندی کر رہے ہیں جو ہمیں زیادہ منافع بخش بنانے میں مدد دے گی۔

ہم بہت پُر امید ہیں کہ اگلا مالی سال نہ صرف ہمارے لئے بلکہ مجموعی طور پر ٹیکسٹائل شعبے کے لئے بہتر ہوگا۔ سال 2018ء میں عام انتخابات لازم ہیں اور ہم اس بات کا یقین کرتے ہیں کہ حکومت کاروباری برادری کو اپنی طرف رکھنے کے لئے زیادہ رعائیات دے گی۔

لاگت پر کنٹرول

انتظامیہ نے لاگت کو کنٹرول اور کارکردگی کا نقطہ نظر قائم کیا ہے۔ لاگت کو کنٹرول اور کارکردگی کے حصول کے اقدامات کی انتظامیہ مسلسل پیروی کرتی ہے۔ تاہم اخراجات کے تقریباً تمام شعبوں میں مجموعی مہنگائی کے رجحان کے باعث لاگتوں میں اضافہ ہوا ہے اور گیس اور بجلی جیسے توانائی کے بحران نے بھی پیداوار کی لاگت کو بڑھا دیا ہے۔

فی عام شیئر آمدنی گزشتہ سال میں (41.07) روپے کے مقابلے موجودہ سال میں (34.28) روپے ہے۔

فکسڈ اثاثوں میں اضافہ

زیر جائزہ سال کے دوران، کمپنی نے منافع یابی کو بڑھانے اور یارن کا معیار بہتر بنانے کے لئے پلانٹ اور مشینری میں 0.692 ملین روپے کی اضافی سرمایہ کاری کی گئی ہے۔

مستقبل کا نقطۂ نظر

آگے بڑھتے ہوئے، ٹیکسٹائل انڈسٹری کا مستقبل چیلینجنگ رہنے کا امکان ہے۔ تاہم، کمپنی کی انتظامیہ کمپنی کی منافع یابی کو بہتر بنانے کے لئے مسلسل کوششیں کر رہی ہے۔ کمپنی کی انتظامیہ بہترین ممکنہ حل اور کمپنی کو مالی بحران سے باہر نکالنے اور بہترین دستیاب وسائل کے ساتھ اعلیٰ معیار کے پی سی اور پی وی یارن پیدا کرنے کے لئے فعال طور پر مختلف منصوبوں پر کام کر رہی ہے۔

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل

بورڈ آف ڈائریکٹرز نے پاکستان اسٹاک ایکسچینج کے لسٹنگ قواعد میں شامل کارپوریٹ گورننس کے ضابطہ اخلاق کی دفعات کی تعمیل کے لئے ضروری اقدامات اقدامات کئے گئے ہیں۔کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کا بیان منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے دائرہ کار کا بیان

کمپنی مندرجہ ذیل طریقے سے ضابطہ اخلاق کی تعمیل کرتی ہے:

a- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

b- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

c- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے۔اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

d- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے اور کسی انحراف کا واضح انکشاف کیا گیا ہے۔

e- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f- آڈیٹرز کی رپورٹ کے پیراگراف (h) کے حوالہ سے کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔کمپنی نے جاری تشویش عنوان کے تحت مندرجہ ذیل پیراگراف میں دیئے گئے گوئنگ کنسرن تصورات کو مسترد کرنے کے لئے اہم منصوبہ دیا ہے۔

g- اسٹاک ایکسچینجز کے فہرستی ضابطوں میں تفصیلی کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی خاطر خواہ شق سے مادی انحراف نہیں ہورہا ہے۔

h- قرضوں کی واپس ادائیگی کے لئے درکار فنانسز اور خام مال کی اعلیٰ شرحوں کی وجہ سے ورکنگ کیپٹل کی اضافی ضروریات کے مدِنظر، نقد ذرائع کو بچانا ضروری خیال کیا جاتا ہے۔اس لئے ڈائریکٹرز نے نقد منافع حصص کی سفارش نہ کرنے کا فیصلہ کیا ہے۔ہم نے ڈائریکٹرز اور ملازمین کے درمیان اخلاقیات اور کاروباری حکمت عملی کا ایک بیان تیار اور تقسیم کیا ہے۔

i- کمپنی اپنے ملازمین کے لئے غیر فنڈ ڈگریجوئٹی اسکیم چلاتی ہے اور اس کے مطابق اکاؤنٹس میں فراہمی کی گئی ہے۔

j- بورڈ آف ڈائریکٹرز نے ایک مشن سٹیٹمنٹ اور مجموعی کارپوریٹ حکمت عملی اپنائی ہے۔

k- زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے اور حاضری کی پوزیشن حسب ذیل ہے:

نام ڈائریکٹرز	تعداد حاضری
نعمان الماس	5
شمیم اختر	1
فریحہ پرویز	1
شائلہ عظیم	1
وسیم کے حق	0
محمد اظہر امین	1
نوید احمد	3
عبدالشکور	4
محمد اکرم	3
محمد فیاض	4
محمد رمضان	3
زاہد علی	2

آڈٹ کمیٹی

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل میں بورڈ آف ڈائریکٹر نے آڈٹ کمیٹی تشکیل دی ہے۔ یہ تین اراکین پر مشتمل ہے، جن میں سے دو آزاد ڈائریکٹر اور ایک نان ایگزیکٹو ڈائریکٹر ہے۔

آڈٹ کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر ہے۔ اس کے اراکین کے نام کمپنی کی پروفائل میں دیئے گئے ہیں۔

آڈٹ کمیٹی کے حوالہ کی شرائط سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے بیان کردہ سکوپ اور نظام اور طریقہ کار کو بہتر بنانے کے لئے وقتاً فوقتاً بورڈ آف ڈائریکٹر کی طرف سے دی گئی ہدایات پر مبنی ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ قواعد وضوابط کے دائرہ کار کے اندر، آڈٹ کمیٹی، دیگر چیزوں کے درمیان، بیرونی آڈیٹرز کا تقرر اور دورانی اکاؤنٹس کا جائزہ لے گی۔

ایچ آر اینڈ ریمنریشن کمیٹی

بورڈ نے ایک ایچ آر اینڈ ریمنریشن کمیٹی تشکیل دی ہے۔ یہ تین ارکان پر مشتمل ہے، جن میں سے دو نان ایگزیکٹو ڈائریکٹرز اور ایک آزاد ڈائریکٹر ہے۔ کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر ہے۔ ارکان کے نام کمپنی پروفائل میں دیئے گئے ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

نمونہ حصص داری

کمپنیز آرڈیننس 1984ء کی دفعہ 236 اور کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت درکار نمونہ حصص داری منسلک ہے۔

گوئنگ کنسرن (حالیہ تشویش)

سال کے دوران، کمپنی نے 153.110 ملین روپے (30 جون 2016: 183.477 ملین روپے) کا نقصان برداشت کیا ہے اور سال کے اختتام پر مجموعی نقصانات 499.445 ملین روپے (30 جون 2016: 363.512 ملین روپے) درج کی ہے۔ اس کے علاوہ، سال کے آخر میں کمپنی کے موجودہ بقایاجات اس کے موجودہ اثاثوں سے 667.329 ملین روپے (30 جون 2016: 436.886 ملین روپے) سے تجاوز کر گئے۔ اس کے نتیجے میں شدید لیکویڈیٹی بحران اور قرض معاہدوں پر عمل کرنے اور مالیاتی اداروں سے طویل مدتی 119.848 ملین روپے قرض، 168.691 ملین روپے کے مختصر مدتی قرض اور 91.156 ملین روپے مجموعی مارک اپ ادا کرنے میں کمپنی ناکام رہی ہے۔ نقصان کی بنیادی وجہ مالیاتی اداروں کی طرف سے ورکنگ کیپٹل لائنوں کی کمی، یارن کی قیمت فروخت میں کمی، بجلی اور گیس کے بحران، اہم کنزمپشن کی متغیر شرح، کم پیداوار کے نتیجے میں کم معیاری کپاس اور دیگر مقررہ پیداواری اخراجات کا باعث ہے۔ منفی کلیدی مالیاتی تناسب کے ساتھ ساتھ یہ حالات مواد کی غیر یقینیت کی موجودگی کی نشاندہی کرتے ہیں جو کمپنی کے گوئنگ کنسرن میں کمپنی کی صلاحیت کو جاری رکھنے کے بارے میں کافی شکوک پیدا کر سکتے ہیں اور اس وجہ سے، اپنے اثاثوں کا احساس کرنے اور کاروبار کے عام کورس میں اپنی ذمہ داریوں کو پورا کرنے میں قاصر ہو سکتا ہے۔

اپنے گوئنگ کنسرن مفروضہ کی توثیق:

i- یہ ٹیکسٹائل انڈسٹری کے لئے ایک اور مشکل سال رہا۔ ہم نے نہ صرف مارکیٹ کے حالات بلکہ موجودہ مالی سال کے دوران تقریباً چار ماہ کے لئے مل کی بندش کی وجہ سے نہ صرف بھاری نقصانات کا سامنا کیا۔ حکومت نے ٹیکسٹائل پیکیج کا اعلان کیا ہے اور ہم یہ بھی دیکھ رہے ہیں کہ ہم اپنے موجودہ اسپن منصوبہ پر عمل کرنے کے قابل ہو جائیں گے۔

ii- ہم زیادہ سے زیادہ پیداوار حاصل کرنے کے لئے اپنی مکمل پیداواری صلاحیت کے ساتھ اپنے نئے فریموں کو چلانے کی منصوبہ بندی کر رہے ہیں۔ ہم پرانی مشینیں استعمال نہیں کریں گے جو زیادہ انفرادی قوت اور بجلی استعمال کرتی اور نسبتاً کم پیداوار دیتی ہیں۔

iii- کپاس کا مجموعی موسم اس سال بہت اچھا ہے۔ ہم اس موسم میں کپاس کی ریکارڈ پیداوار کی توقع کر رہے ہیں، جو ٹیکسٹائل کے شعبے کے لئے ایک اچھی خبر ہے۔ یہ ہماری صنعت کی بیرون ملک سے اعلیٰ شرحوں پر درآمدات کی بجائے اپنی دستیاب کپاس پر چلنے میں مدد کرے گی۔

iv- ہم مزید خصوصی یارن پیدا کرنے کی بھی منصوبہ بندی کر رہے ہیں جو ہمیں زیادہ منافع یاب بنانے میں مدد کرے گی۔

v- ہم یہ بھی امید رکھتے ہیں کہ اگلا مالی سال نہ صرف ہمارے لئے بلکہ مجموعی ٹیکسٹائل سیکٹر کے لئے بہتر گا۔ عام انتخابات 2018ء میں لازم ہیں اور ہم اس بات کا یقین کرتے ہیں کہ حکومت کاروباری برادری کو اپنی طرف رکھنے کے لئے مزید رعائیات دے گی۔

اس کے علاوہ آڈیٹر کی رپورٹ کے پیراگراف (b)، (c)، (d)، (e) اور (h) کے حوالہ سے:

b)- نیشنل بینک آف پاکستان سے بالترتیب 22,126,199 روپے اور 5,032,000 روپے کے طویل مدتی قرض کے بیلنس کی درستگی کی تصدیق کے لئے کوئی توثیق وصول نہیں ہوئی۔

c)- 67,148,573 روپے کے غیر ملکی بلوں کے بیلنس کی درستی کی تصدیق کے لئے کوئی توثیق وصول نہیں ہوئی تھی۔

d)۔ البرکہ بینک، فرسٹ نیشنل بینک مضاربہ اور حبیب میٹرو پولیٹن بینک سے بالترتیب 34,869,467 روپے، 40,587,672 روپے اور 6,398,258 روپے قابل ادا مالی قرض کے بیلنس کی درستگی کی تصدیق کے لئے کوئی توثیق وصول نہیں کی گئی۔

e)۔ نیشنل بینک آف پاکستان، بینک الفلاح اور فرسٹ نیشنل بینک مضاربہ سے بالترتیب 18,333,851 روپے، 4,599,432 روپے اور 25,500,000 روپے کے مختصر مدتی قرضوں کے بیلنس کی درستگی کی تصدیق کے لئے کوئی توثیق وصول نہیں کی گئی۔

f)۔ آڈیٹرز نے غیر مناسب گوئنگ کنسرن مفروضہ کی اہمیت اور بیلنس شیٹ کے پیراگراف (a) تا (f) میں مذکورہ دیگر معاملات، منافع اور نقصان اکاؤنٹ، جامع آمدنی کے بیان، نقد بہاؤ کے بیان اور ایکوئٹی میں تبدیلیوں کے بیان کے ساتھ ساتھ پاکستان میں قابل اطلاق منظور شدہ اکاؤنٹنگ معیارات کی توثیق نہ کرنے والے نوٹس اور کمپنیز آرڈیننس 1984 کے تحت درکار ضروری طریقہ میں معلومات فراہم نہیں کرتے اور 30 جون 2017 کے مطابق کمپنی کے امور کی اصل وضاحت اور منصفانہ نقطہ نظر پیش نہیں کرتے اور سال کے آخر پر ایکوئٹی میں نقصان، مجموعی نقصان، اس کے نقد بہاؤ اور تبدیلیوں کے بارے میں منفی رائے دی ہے۔

کلیدی آپریٹنگ اور مالیاتی اعداد و شمار

گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار منسلک ہیں۔

ڈیویڈینڈ

جیسا کہ اکاؤنٹس سال کے لئے کافی نقصانات ظاہر کرتے ہیں لہذا 30 جون 2017 کو ختم ہونے والے سال کے لئے اپنے اجلاس میں بورڈ آف ڈائریکٹرز کی طرف سے کسی ڈیویڈینڈ کی سفارش نہیں کی گئی ہے۔

قانونی ادائیگیاں

30 جون 2017ء کے مطابق ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو بقایا ہوں، سوائے ان کے جن کا مالی حسابات میں انکشاف کیا گیا ہے۔

کارپوریٹ تنظیم نو اور کاروباری توسیع

کمپنی نے فی الحال کارپوریٹ تنظیم نو، کاروباری توسیع اور آپریشن کی بندش کے لئے کوئی منصوبہ نہیں بنایا ہے۔

اظہار تشکر

کمپنی کے ڈائریکٹرز اپنے بینکوں کے مسلسل تعاون کے لئے ان کے شکر گزار ہیں اور اپنے ملازمین کی سرشار خدمات اور سخت محنت کو بھی سراہتے ہیں، جن کے بغیر یہ سب کچھ ممکن نہیں تھا۔

منجانب بورڈ

نعمان الماس
چیف ایگزیکٹو

لاہور،
تاریخ: 10 اکتوبر 2017ء

KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS:

Description	2017	2016	2015	2014	2013	2012
	Rupees					
Earning and Distribution						
Sale-net	597,279,585	1,129,820,767	1,266,758,386	1,447,051,095	1,284,222,860	1,533,227,575
Profit / (loss) before Tax	(160,932,575)	(245,286,740)	(187,698,407)	(52,071,074)	(9,476,480)	(122,720,629)
Tax	7,822,472	61,810,085	62,227,639	4,546,793	(4,510,272)	892,211
Net Earning / (loss)	(153,110,103)	(183,476,655)	(125,470,768)	(47,524,281)	(13,986,752)	(123,612,840)
Dividend	-	-	-	-	-	-
Retained (used) in Business	(153,110,103)	(183,476,655)	(125,470,768)	(47,524,281)	(13,986,752)	(123,612,840)
Net Earning / (loss) per share	(34.28)	(41.07)	(28.09)	(10.64)	(3.13)	(27.67)
Dividend declared per share	-	-	-	-	-	-
Break up value per share	(25.98)	7.36	48.60	63.13	72.80	60.32
Financial Position						
Share Capital	44,670,360	44,670,360	44,670,360	44,670,360	44,670,360	44,670,360
Accumulated Profit / (loss)	(499,445,440)	(363,511,942)	(192,963,611)	(79,509,328)	(44,307,513)	(44,282,913)
Surplus on revaluation of fixed Assets	338,706,459	351,704,020	365,385,664	316,841,519	324,826,853	269,044,003
	(116,068,621)	32,862,438	217,092,413	282,002,551	325,189,700	269,431,450
Long term loans & deferred liabilities	226,269,072	333,352,886	431,365,267	455,989,904	477,122,412	514,738,120
Total Capital Employed	110,200,451	366,215,325	648,457,680	737,992,455	802,312,112	784,169,570
Represented						
Fixed Assets	761,062,187	796,071,755	827,231,473	788,647,359	799,665,750	738,323,526
Long term Deposit	16,467,060	7,029,480	7,029,480	7,119,480	7,185,489	14,803,306
Net Current Assets / (Current Liabilities)	(667,328,796)	(436,885,911)	(185,803,273)	(57,774,384)	(4,539,127)	31,042,738

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Abdul Shakoor, Mr. Muhammad Akram, Mr. Naveed Ahmed
Executive Directors	Mr.Noman Almas
Non-Executive Directors	Mr. Muhammad Fiaz, Mr. Muhammad Ramzan, Mr. Zahid Ali

The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the board on November 24, 2016 was filled up within ninety days.
5. 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.
6. 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.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. 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 and the board met atleast once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board has arranged directors training program for Mr. Noman Almas and he got certification as Certified Director (as required by the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan) in November, 2014 under director training program held by the University of Lahore. The Company has planned to arrange the directors training programme for the remaining half of the directors before June 30, 2018.
10. The board has approved appointment of CFO, Company Secretary, including their remuneration and terms and conditions of employment. Due to the financial crises the company has not appointed the head of internal auditor. As the company comes out of the financial crises the head of internal auditors will be appointed.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.

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

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

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

18. 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.

19. 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, 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.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied except the Head of Internal Auditor, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

For and On Behalf of Board of Directors.

Lahore:
Dated: October 10, 2017

(NOMAN ALMAS)
Chief Executive

REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Salman Noman Enterprises Limited "the Company"** for the year ended June 30, 2017 to comply with the Code contained in regulation No. 5.19 of the Rule book of Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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

The Code requires the Company to place before the audit committee and upon recommendation of audit committee, places before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the audit Committee. We have not carried out any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

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

Paragraph Reference	Description
10	Company has not appointed head of internal audit as required by clause 5.19.8 of the code

Lahore:
Dated: **October 10, 2017**

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid, ACA

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Salman Noman Enterprises Limited** as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verifications, we report that:

a) The company has incurred a loss for the year ended June 30, 2017 of Rupees 153.110 million (June 30, 2016: Rupees 183.477 million) and as of that date, reported accumulated losses of Rupees 499.445 million (June 30, 2016: Rupees 363.512 million). The company's current liabilities exceeded its current assets by Rupees 667.329 million (June 30, 2016: Rupees 436.886 million) as of that date. These conditions along with adverse key financial ratios, company's inability to comply with loan agreements and pay debts on due dates and litigation with financial institutions, indicate the existence of a material uncertainty which may cast significant doubt about the company to continue as a going concern. These circumstances give rise to significant uncertainty as to the ability of the company's spinning unit to continue operations as going concern in the foreseeable future and therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on going concern basis, but in our judgment, management's use of going concern assumption in these financial statements is inappropriate.

b) No confirmation was received to verify the correctness of balance of long term loan and frozen markup from National Bank of Pakistan amounting to Rs. 22,126,199 and Rs. 5,032,000 respectively.

c) No confirmation was received to verify the correctness of balance of foreign bills payable amounting to Rs. 67,148,573.

d) No confirmation was received to verify the correctness of balance of finance lease payable from AL Baraka bank, First National Bank Modarba and Habib Metropolitan Bank amounting to Rs. 34,869,467, Rs.40,587,672 and Rs. 6,398,258 respectively.

e) No confirmation was received to verify the correctness of balance of short term loans from National Bank of Pakistan, Bank Alfalah and First National Bank Modarba amounting to Rs. 118,333,851, Rs. 14,599,432 and Rs. 23,500,000

f) Except for the paragraph (a) to (e) and its effects on financial statements, in our opinion, proper books of accounts have been kept by the company as required by the Companies ordinance, 1984;

g) in our opinion;

   i. Except for the paragraph(a) to (e) and its effects on financial statements,the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied.

   ii. the expenditure incurred during the year was for the purpose of the company's business; and

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

h) In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the inappropriate going concern assumption and other matters discussed in paragraph (a) to (f), the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

i) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore.
Dated: October 10, 2017

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid,ACA

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
10,000,000 (June 30, 2016: 10,000,000) ordinary shares of Rs.10 each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	5	44,670,360	44,670,360
Accumulated loss		(499,445,440)	(363,511,941)
		(454,775,080)	(318,841,581)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	338,706,459	351,704,020
NON CURRENT LIABILITIES			
Long term financing from banking companies	7	65,257,746	82,009,746
Long term financing from directors and others	8	138,683,905	138,683,905
Liabilities against assets subject to finance lease	9	18,241,689	29,509,827
Deferred liabilities	10	4,085,732	33,491,095
Long term loans from others	11	-	49,658,313
CURRENT LIABILITIES			
Trade and other payables	12	454,332,152	420,653,974
Accrued mark up / interest	13	91,155,869	50,876,351
Short term borrowings	14	178,157,275	212,455,654
Current portion of non current liabilities	15	197,526,220	121,597,769
Provision for taxation		7,879,537	1,968,307
		929,051,053	807,552,056
CONTINGENCIES AND COMMITMENTS	16		
		1,039,251,504	**1,173,767,380**

The annexed notes from 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE　　CHIEF EXECUTIVE　　DIRECTOR

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	17	761,062,187	796,071,755
Long term deposits	18	16,467,060	7,029,480
CURRENT ASSETS			
Stores, spare parts and loose tools	19	42,613,726	58,254,409
Stock in trade	20	151,679,639	226,822,518
Trade debts	21	4,491,374	24,190,499
Loans and advances	22	11,780,811	21,063,357
Trade deposits and short term prepayments	23	2,282,519	453,766
Other receivables	24	-	183,900
Tax refunds due from Government	25	34,529,010	27,703,249
Cash and bank balances	26	14,345,177	11,994,447
		261,722,257	370,666,145
		1,039,251,504	**1,173,767,380**

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Sales - net	27	597,279,585	1,129,820,767
Cost of sales	28	(692,634,255)	(1,301,901,085)
Gross (loss) / profit		(95,354,670)	(172,080,318)
Other operating income	29	-	467,835
Distribution cost	30	(472,720)	(590,189)
Administrative expenses	31	(20,793,852)	(23,564,291)
Other operating expenses	32	(554,301)	(1,375,806)
Finance cost	33	(43,757,032)	(48,143,971)
Loss before taxation		(160,932,575)	(245,286,740)
Taxation	34	7,822,472	61,810,085
Loss for the year after taxation		**(153,110,103)**	**(183,476,655)**
Loss per share - basic and diluted	36	**(34.28)**	**(41.07)**

The annexed notes from 1 to 42 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Loss for the year after taxation		(153,110,103)	(183,476,655)
Other comprehensive income for the year			
Item that will not be reclassified to profit and loss account:			
Remeasurement on staff retirement benefits		5,970,062	(1,076,170)
Impact of deferred tax		(1,791,019)	322,851
Total other comprehensive income (loss) - net of tax		4,179,043	(753,319)
Total comprehensive loss for the year		**(148,931,060)**	**(184,229,974)**

The annexed notes from 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE

Zahid

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(160,932,575)	(245,286,740)
Adjustments for:		
Depreciation	35,749,068	37,553,013
Provision for staff retirement benefits - gratuity	4,633,678	7,055,429
Exchange loss on revaluation of supplier credit	528,301	-
Profit on bank deposits	-	(21,030)
Finance cost	43,757,032	48,143,971
Loss/(Gain) on disposal of property, plant and equipment	-	(446,805)
(Loss) / Profit before working capital changes	(76,264,496)	(153,002,162)
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	15,640,683	2,434,041
Stock in trade	75,142,879	(17,121,271)
Trade debts	19,699,125	15,195,144
Loans and advances	9,282,545	(4,494,147)
Trade deposits and short term prepayments	21,247	(453,766)
Other receivables	183,900	13,316,100
Tax refund due from Government	(3,863,766)	140,790
	116,106,613	9,016,890
Increase / (decrease) in current liabilities		
Trade and other payables	22,157,141	160,951,007
Cash generated from operations	61,999,258	16,965,735
Payments for:		
Finance cost	(2,667,376)	(18,869,966)
Staff retirement benefits - gratuity	(6,346,503)	(9,385,665)
Income taxes	(2,559,190)	(1,901,441)
	(11,573,069)	(30,157,072)
Net cash generated from operating activities	50,426,189	(13,191,337)
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	-	550,000
Fixed capital expenditures	(739,500)	(6,496,490)
Long term deposits	(11,287,580)	-
Profit on bank deposits	-	21,030
Net cash used in investing activities	(12,027,080)	(5,925,460)
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in:		
Short term borrowings	(34,298,379)	32,697,650
Payments for:		
Liabilities against assets subject to finance lease	(1,750,000)	(3,378,261)
Net cash (used in) / generated from financing activities	(36,048,379)	29,319,389
Net increase in cash and cash equivalents (A+B+C)	2,350,730	10,202,592
Cash and cash equivalents at the beginning of the year	11,994,447	1,791,855
Cash and cash equivalents at the end of the year	**14,345,177**	**11,994,447**

The annexed notes from 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid up capital	Unappropriated profits/(loss)	Total
	---Rupees---		
Balance as at June 30, 2015	**44,670,360**	**(192,963,611)**	**(148,293,251)**
Total comprehensive loss for the year	-	(184,229,974)	(184,229,974)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	13,681,644	13,681,644
Balance as at June 30, 2016	**44,670,360**	**(363,511,941.38)**	**(318,841,581)**
Total comprehensive loss for the year	-	(148,931,060)	(148,931,060)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	12,997,561	12,997,561
Balance as at June 30, 2017	**44,670,360**	**(499,445,440)**	**(454,775,080)**

The annexed notes from 1 to 42 form an integral part of these financial statements.

Tahid

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 STATUS AND ACTIVITIES

The company was incorporated in Pakistan on November 05, 1985 as a Public Limited Company under the Companies Ordinance, 1984. The registered office and mills of the company are situated at 03 kilometer Bhai Pheru, Tehsil Chunian, District Kasur. The company is listed on Pakistan stock exchange limited. The principal business of the company is manufacturing and sale of yarn.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Going concern assumption

During the year, the Company incurred loss amounting to Rs. 153.110 million (June 30, 2016: Rs. 183.477 million) and has reported accumulated losses amounting to Rs. 499.445 million (June 30, 2016: Rs. 363.512 million) at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs. 667.329 million (June 30, 2016: Rs. 436.886 million) at the year end. This results in severe liquidity crisis and inability of the company to comply with loan agreements and inability to pay long term financing from financial institutions amounting to Rs. 119.848 million, short term borrowing amounting to Rs. 168.691 million and accrued markup Rs. 91.156 million. The main reason of loss was due to curtailment of working capital lines by financial institutions, fall in sale price of yarn, electricity and gas crisis, major consumption rate variance, low quality cotton resulted in lower yield and other fixed production overheads. These conditions along with adverse key financial ratios indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared on going concern assumption on the basis of following mitigating factors:

i It has been another tough year for textile industry. We suffered heavy losses not only due to market conditions but also due to shutdown of mill for almost four months during current financial year. Government has announced textile package and we are also looking forward that we will be able to survive with our current spin plan.

ii We are planning to run our new frames with our full production capacity to get maximum production. We will not use old machines which consume more man power and electricity and produce less comparatively.

iii Overall season of cotton is very good this year. We are expecting record cotton production in this season, which is good news for textile sector. It will help our industry to run on its own available cotton rather than to import at higher rates from abroad.

iv We are also planning to produce more specialized yarn which will help us to have more profitability.

v We are also hopeful that next financial year will be batter not only for us but for overall textile sector. General elections are due in year 2018 and we believe that Government will give more incentives to business community to keep them on their side.

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded to the nearest rupee.

2.4 Standards, interpretations and amendments to published approved accounting standards

2.4.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

Following standards, amendments and interpretations are effective for the year beginning on or after January 1, 2016. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, plant and equipment (effective for periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are highly correlated, or when the intangible asset is expressed as a measure of revenue. The Company's policy is already in line with these amendments.

- IAS 19, 'Employee Benefits' This amendment as part of Annual improvements 2014 clarifies that when determining the discount rate for post-employment obligation, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The Company's policy is already in line with this change.

- Amendments to IAS 1, 'Presentation of financial statements are made in the context of the IASB's disclosure initiative, which explores how financial statements disclosure can be improved. The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Disaggregation and subtotals – line items specify in IAS 1 may need to be disaggregated where this is relevant to understandability of entities' financial position and performance.
- Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

- The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on January 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.4.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company

- IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.

- IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

- IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.

- Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 1, 2017. The amendment clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have a material impact on the Company's financial statements.

- Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.

- There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the company and therefore have not been presented here.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention on accrual basis, except for recognition of staff retirement benefits which are based on actuarial values (net present value), certain items of property, plant and equipment which are stated at revalued amounts and certain financial assets are stated at fair value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.1 Provision for taxation

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

3.2 Staff retirement benefits - gratuity

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

3.3 Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

3.4 Property, plant and equipment

The company reviews recoverable amount, useful life , residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

3.5 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

3.5.1 Provision for doubtful debts

3.5.2 Estimation of net realizable value

3.5.3 Computation of deferred taxation

3.5.4 Disclosure of contingencies

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Taxation

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

Current

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax basis of assets and liabilities and their carrying amounts for financial reporting purpose.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

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

4.2 Trade and other payables

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

4.3 Provisions

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

4.4 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

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

4.5 Revenue recognition

Revenue is recognized on dispatch of goods or on performance of services. Return on deposits is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.6 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost / revaluation less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost / revaluation less any identified impairment loss. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.

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

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write-off historical cost of an asset over its estimated useful life at the rates as disclosed in note 17.

Depreciation on additions is charged from the month in which the asset is acquired or capitalized while no depreciation is charged in the month of disposal.

Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is included in the income statement in the year the assets is derecognized.

4.7 Accounting for leases and assets subject to finance lease

4.7.1 Finance lease

Recognition

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.7.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

4.8 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for use.

4.10 Long term deposits

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

4.11 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.12 Stock in trade

These are valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

Raw material	Weighted average cost except those in transit which are stated at cost comprising invoice value plus other charges incurred thereon.
Finished good and work in process	Raw material cost plus appropriate manufacturing overheads.
Waste	Net realizable value

Average manufacturing cost in relation to work in process and finished goods, consists of direct material, labor and a proportion of manufacturing overheads based on normal capacity.

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

4.13 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income statement. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, cash in transit and balances with banks.

4.15 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4.16 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income statement currently.

4.17 Financial instruments

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

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.18 Offsetting of financial assets and liabilities

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

4.19 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984 with the exception of loan taken from related parties which is interest free.

4.20 Dividend

Dividend distributed to the share holders is recognized as a liability in the period in which it is approved by the shareholders.

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016			2017	2016
Number of shares			Note	Rupees	Rupees
4,467,036	4,467,036	Ordinary shares of Rs. 10 each allotted for consideration fully paid in cash		44,670,360	44,670,360
4,467,036	4,467,036			44,670,360	44,670,360

5.1 The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	Note	2017 Rupees	2016 Rupees
Surplus on revaluation of property, plant and equipment at the beginning of the year		463,111,692	482,656,898
Add: Surplus arised during the year		-	-
Transfer to unappropriated profit in respect of:			
Incremental depreciation on revalued assets		12,997,561	13,681,644
Related deferred tax liability		5,570,384	5,863,562
		18,567,945	19,545,206
Surplus on revaluation of property, plant and equipment as at the end of year		444,543,747	463,111,692
Related deferred tax liabilities on:			
Revaluation at the beginning of the year		111,407,672	117,271,234
Surplus arised during the year		-	-
Prior year effect			-
Incremental depreciation on revalued assets		(5,570,384)	(5,863,562)
		105,837,288	111,407,672
		338,706,459	351,704,020

7 LONG TERM FINANCING FROM BANKING COMPANIES	Note	2017 Rupees	2016 Rupees
Secured - from banking companies			
Term finance - I	7.1	39,399,606	50,151,606
Demand finance - I	7.2	-	-
Term finance - II - Frozen markup	7.3	25,858,140	31,858,140
Demand finance - II - frozen markup	7.4	-	-
		65,257,746	82,009,746

	SNBL TF-I	NBP DF-I	Frozen Markup SNBL TF II	Frozen Markup NBP DF-II	2017 Rupees	2016 Rupees
Note	7.1	7.2	7.3	7.4		
Opening balance	85,095,606	22,126,199	37,258,140	5,032,000	149,511,945	149,511,945
Transferred / restructured during the year	-	-	-	-	-	-
	85,095,606	22,126,199	37,258,140	5,032,000	149,511,945	149,511,945
Repaid during the year	-	-	-	-	-	-
	85,095,606	22,126,199	37,258,140	5,032,000	149,511,945	149,511,945
Current Maturity						
Overdue installment	(34,944,000)	(22,126,199)	(5,400,000)	(5,032,000)	(67,502,199)	(53,150,199)
Current portion	(10,752,000)	-	(6,000,000)	-	(16,752,000)	(14,352,000)
Current portion 15	(45,696,000)	(22,126,199)	(11,400,000)	(5,032,000)	(84,254,199)	(67,502,199)
	39,399,606	-	25,858,140	-	65,257,746	82,009,746

7.1 This represents term finance obtained from Soneri Bank Limited to pay off import bills of the company related to BMRE. The company has made down payment of Rs. 2.00 million and remaining outstanding amount will be repayable in 12 equal monthly installments of Rs. 1.5 million (started from March 31, 2013 and ending on February 28, 2014) and 96 equal monthly installments of Rs. 0.896 million (starting from March 31, 2014 and ending on February 28, 2022) along with markup due from the month of March 2014. The loan is secured against joint pari passu charges of Rs. 485,666,667 (Soneri Bank Limited's share of Rs. 164,000,000) on all the present and future fixed assets (both movable and immovable) of the company, Equitable mortgage with legal mortgage on House no. 41, Block L, Gulberg III, Lahore in the name of Mr. Noman Almas Valuing Rs. 55,000,000 and personal guarantee of sponsoring directors. The loan is subject to mark up at one month KIBOR plus 2.00 percent (June 30, 2016 : one months KIBOR plus 2.00 percent) per annum payable monthly from March 31, 2014. Markup payable from July 01, 2011 to February 28, 2014 is payable as mentioned in note 7.3

7.2 This demand finance represents the overdue amount of import/inland letter of credit (usance) of 90 days is obtained from National Bank of Pakistan. As per the terms of agreement, the loan is repayable in 12 equal quarterly installments of Rs. 4.426 millions each (started from June 30, 2013 and ending on March 31, 2016). It carries markup at three month Kibor plus 2.50% (June 30, 2016 : three month Kibor plus 2.50%) per annum payable quarterly with prompt payable rebate as mentioned in agreement. The facility is secured against first joint pari passu charge of Rs. 135 millions on fixed assets of the company and personal guarantee of the sponsoring directors of the company.

7.3 As fully explained in note 7.1 overdue markup up to June 30, 2013 amounting to Rs. 30.046 million on term finance -I facility has been freezed and converted into term finance-II (frozen markup account). As per the terms of agreement as fully explained in note 7.1 above, markup accrued up to February 2014 has been deferred and transferred to frozen markup account and is payable in 74 monthly installments of Rs. 0.3 million (starting from January 2016 and ending on June 2017) and Rs. 0.5 million (starting from July 2017 and finally adjusted by February 2022).

7.4 As fully explained in note 7.2 above, markup and charges amounted to Rs. 10.066 million on overdue amount of inland letter of credits (usance) from National Bank of Pakistan has been freezed and converted into demand finance - II (frozen markup account). As per the terms of agreement. Demand finance II (Frozen markup) is payable in ten equal quarterly installments of Rs. 1.006 millions each (started from December 31, 2013 and ending on March 31, 2016). The facility is secured against ranking charge on fixed assets of Rs. 33 millions subsequent to joint pari passu charge on fixed assets of the company within six months from the date of creation of demand finance and personal guarantee of the sponsoring directors of the company.

8 LONG TERM FINANCING FROM DIRECTORS AND OTHERS	2017 Rupees	2016 Rupees
Opening balance	138,683,905	138,683,905
Obtained during the year	-	-
	138,683,905	138,683,905
Paid during the year	-	-
	138,683,905	138,683,905

Unsecured - related parties

As at June 30, 2015 the management of the company has entered into agreement with directors and decided repayment terms of unsecured loan (previously repayment terms of the loan were not determinable). According to the agreement, the tenure of loans is fifteen years with grace period of five year. These loans are unsecured and carrying markup of one month kibor plus 0.5 percent (June 30, 2016: one month Kibor plus 0.5 percent) payable annually from July 1, 2015. The outstanding amount will be repayable in 10 equal annual instalments of Rs 13,868,391 each (starting from June 30, 2021 and ending on June 30, 2030). These includes amount of Rs.138,683,905/- (June 30, 2016: Rs. 138,683,905/-) as subordinated to the loans from banking companies.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2017			2016		
	Minimum lease payments	Financial charges for future period	Present value of minimum lease payments	Minimum lease payments	Financial charges for future period	Present value of minimum lease payments
Up to one year	73,791,656	10,177,948	63,613,708	62,747,580	8,652,010	54,095,570
Later than one year but not later than five years	19,649,589	1,407,900	18,241,689	32,621,211	3,111,384	29,509,827
	93,441,245	11,585,848	81,855,397	95,368,791	11,763,394	83,605,397

	Note	ABBPL	ABBPL Frozen M.up	FNBM	FNBM Frozen M.up	HMBL	HMBL Frozen M.up	2017 Rupees	2016 Rupees
		9.1	9.2	9.3	9.4	9.5	9.6		
Opening balance		27,129,823	7,739,644	34,168,395	6,419,277	5,978,258	2,170,000	83,605,397	96,983,658
Obtained during the year						-	-	-	-
		27,129,823	7,739,644	34,168,395	6,419,277	5,978,258	2,170,000	83,605,397	96,983,658
Paid during the year									
Security deposit				-		(1,750,000)	-	(1,750,000)	(3,378,261)
		27,129,823	7,739,644	34,168,395	6,419,277	4,228,258	2,170,000	81,855,397	83,605,397
Current Maturity									
Over due installment		(27,129,823)	(7,739,644)	(12,189,374)	(2,908,729)	(2,378,000)	-	(52,345,570)	(33,822,191)
Current portion		-	-	(6,044,268)	(1,203,612)	(1,850,258)	(2,170,000)	(11,268,138)	(20,273,379)
Current portion	15	(27,129,823)	(7,739,644)	(18,233,642)	(4,112,341)	(4,228,258)	(2,170,000)	(63,613,708)	(54,095,570)
		-	-	15,934,753	2,306,936	-	-	18,241,689	29,509,827

9.1 These represent finance lease which have been obtained from Al Baraka Bank (Pakistan) Limited (previously Emirates Global Investment Bank) under the lease arrangement for plant and machinery for balancing, modernization, restructuring and expansion of the project. These facilities were partly used to finance the imported machinery through usance L/C of 450 days which was issued by the National Bank of Pakistan. As per repayment terms company has made down payment of Rs. 3.0 million, security deposits amounted to Rs. 6.897 million has been adjusted against lease liability and balancing outstanding principal liability is payable in 48 equal monthly installment starting from July 2013. It carries markup at 6 months KIBOR (flat) applicable after repayment of 24th installment of principal (June 30, 2016: 6 month KIBOR (flat) after repayment of 24th installment of principal). These are secured against joint pari passu charges of Rs. 485,666,667 (Al Baraka Bank's share of Rs. 21,000,000) on all the present and future fixed assets (both movable and immovable) of the company, exclusive ownership of the asset under Ijarah, assignment of insurance policy of assets under Ijarah in favor of ABBPL, 10% key money of ijarah value and personal guarantee of the sponsoring directors.

9.2 As fully explained in note 9.1 about agreement, markup accrued on lease liability from Al Baraka Bank (Pakistan) Limited amounted to Rs. 8.335 million has been freezed and converted into forzen markup account. The repayment of frozen markup will be made in 42 equal monthly installment of Rs. 198,452/- per month starting from January 2014.

9.3 These represent finance lease which have been obtained from First National Bank Modaraba for two sets of Gen-set (gas generator) JGS 420 GS-N.L for balancing, modernization, restructuring and expansion of the project. These facilities were partly used to finance the imported machinery through usance L/C at sight which was issued by the National Bank of Pakistan. During the year, existing tenure has been extended by three years and one month to be matured on May 10, 2020 instead of April 10, 2017. As explained in note 9.4, rental amounting to Rs. 2,274,220/- due during moratorium period from June 2013 till November 2013 as well as unpaid freezed rentals of Rs. 5,549,274/- during the 1st rescheduling dated 04-05-2012 will be accumulated and will be paid in seventy eight (78) equal monthly installments of Rs. 106,301/- with regular rental due from December 2013 till May, 2020. It carry markup at six months KIBOR plus 3 percent (June 30, 2016: six months kibor plus 3%). These are secured against title over leased asset, 20% security deposit of the facility amount, ranking modified charges of Rs. 66,474,666 reduced from Rs. 85,141,333 over the moveable and immovable assets and all present and future fixed assets of the company and personal guarantee of the sponsoring directors.

9.4 As fully explained in note 9.3 about rescheduled agreement, markup accrued on lease liability from First National Bank Modaraba amounted to Rs. 7.823 million has been freezed and converted into forzen markup account. The repayment of frozen markup will be made in seventy eight (78) equal monthly installments of Rs. 100,301/- with regular rental due from December 2013 till May 2020

9.5 These represent finance lease which have been obtained from Habib Metropolitan Bank Limited for plant and machinery for balancing, modernization, restructuring and expansion of the project. These facilities are partly used to finance the imported machinery through usance L/C of 720 days which was issued by the Habib Metropolitan Bank Limited. As per the terms of agreement the lease liability is repayable in 48 equal monthly installments commencing from July, 2013. It carries mark up at three months ask KIBOR plus 1% (June 30, 2016 three months ask KIBOR plus 1%) payable quarterly. The markup calculated as per previous rate amounting to Rs. 2.170 million shall be deferred. These are secured against the ownership of lease machinery, ranking hypothecation charge over stock and receivable of Rs. 16 million duly insured in bank favor, ranking hypothecation charge for Rs. 18.5 million over specific machinery consisting two sets Haras high speed drawing frame with all the standard accessories has already registered with SECP with 25% margin and personal guarantees of directors.

9.6 As fully explained in note 9.5 about rescheduled agreement, markup accrued on lease liability from Habib Metropolitan Bank Limited amounted to Rs. 2.170 million has been freezed and converted into frozen markup account. The repayment of frozen markup will be made after the adjustment of entire rescheduled facility in one year period.

	Note	2017 Rupees	2016 Rupees
10 DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	10.1	4,085,732	21,548,412
Deferred taxation	10.2	-	11,942,683
		4,085,732	33,491,095

10.1 Staff retirement benefits - gratuity

10.1.1 Movement in net liability recognized in the balance sheet

	Note	2017 Rupees	2016 Rupees
Opening balance		21,548,412	22,802,478
Charge to profit and loss account		4,633,678	7,055,429
Benefits paid during the period		(6,346,503)	(9,385,665)
Benefits matured/ transferred to current liability	12	(9,779,793)	-
Remeasurements (gains) / losses		(5,970,062)	1,076,170
Closing balance of balance sheet liability		4,085,732	21,548,412

10.1.2 The movement in the present value of defined benefit obligation

	2017 Rupees	2016 Rupees
Present value of defined benefit obligation	21,548,412	22,802,478
Current service cost	3,927,441	5,848,163
Interest cost	706,237	1,207,265
Remeasurements (gains)/ losses	(5,970,062)	1,076,170
Benefits paid	(6,346,503)	(9,385,665)
Benefits matured/ transferred to current liability	(9,779,793)	-
	4,085,732	21,548,412

10.1.3 Historical information

	2017	2016	2015	2014	2013
			Rupees		
Present value of defined benefit obligation	4,085,732	21,548,412	22,802,478	20,852,517	20,852,517
Experience adjustments	5,970,062	(1,076,170)	(974,513)	973,893	(2,858,688)

	Note	2017 Rupees	2016 Rupees
10.1.4 Liability recognized in the balance sheet			
Present value of obligation		4,085,732	21,548,412
		4,085,732	21,548,412
10.1.5 Expense recognized			
In profit and loss			
Service cost		3,927,441	5,848,163
Interest cost		706,237	1,207,265
		4,633,678	7,055,429
In other comprehensive income			
Remeasurement recognized - (gains) / loss		(5,970,062)	1,076,170
		(5,970,062)	1,076,170
10.1.6 Expenses recognized for the year has been allocated as under:			
Cost of goods manufactured		3,819,888	6,030,079
Administrative expenses		813,790	1,962,037
		4,633,678	7,992,116

10.1.7 General description

The scheme provide for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.

10.1.8 Principal actuarial assumptions

	Note	2017	2016
Following are few important actuarial assumption used in the valuation.		%	%
Discount rate		7.65	8.33
Expected rate of increase in salary		8.00	10.00

10.1.9 Sensitivity analysis of actuarial assumption

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumption	Decrease in assumption
Discount rate	(82,115)	88,893
Expected rate of increase in salary	87,748	(82,594)

10.1.10 Expected gratuity expenses for the year ending June 30, 2018 works out Rs. 4,668,263/-

10.1.11 The weighted average duration of defined benefit obligation is 5 years.

	2017 Rupees	2016 Rupees
10.2 Deferred taxation		
Opening balance	11,942,683	74,075,619
Add: Provided / (reversed) during the year on surplus - net	-	-
Effect of rate change	-	-
Provided during the year	(13,733,702)	(61,810,085)
Deferred tax charged to OCI due to remeasurements	1,791,019	(322,851)
	-	11,942,683

10.2.1 The liability of deferred taxation comprises of temporary differences

Deferred tax liabilities on taxable temporary differences		
Accelerated depreciation on owned assets	23,972,263	23,443,598
Liabilities against assets subject to finance lease - net	29,500,072	31,820,163
Surplus on revaluation of property, plant and equipment	105,837,288	111,407,672
Deferred tax charged to OCI due to remeasurements	1,791,019	(322,851)
	161,100,642	166,348,582
Deferred tax asset on deductible temporary differences		
Staff retirement benefits - gratuity	3,016,738	6,141,673
Brought forward tax losses	222,089,383	148,264,227
Minimum Tax Credit	5,911,230	-
	231,017,351	154,405,900
	(69,916,709)	11,942,682

10.2.2 During the year net deferred tax asset to Rs.69.916 (2016: net deferred tax liability of Rs. 11,942,683) has arised on taxable and deductible temporary differences. Opening deferred tax liability of Rs. 11,942,683/- has been reversed in current year and no deferred tax asset has been recognized as the company does not foresee reasonable profits in future.

11 LONG TERM LOANS FROM OTHERS

	Note	2017	2016
Long term loans from others - Unsecured	11.1	-	49,658,313

11.1 These are unsecured loans from parties carrying markup at three months kibor (June 30, 2016 : three months kibor) per annum. These loans are payable on various dates in January 2018, therefore transferred to current maturity.

12 TRADE AND OTHER PAYABLES

	Note	2017 Rupees	2016 Rupees
Creditors		214,883,239	153,565,808
Accrued liabilities	12.1	107,362,901	81,210,237
Advances from customers		19,842,064	85,155,018
Workers' welfare fund		104,374	104,374
Workers' profit participation fund	12.2	10,005,792	9,195,655
Unclaimed dividend		179,651	179,651
Withholding tax payable		25,025,765	24,622,959
Bills payable - foreign LC's payable		67,148,573	66,620,272
Staff retirement benefits - gratuity matured	10.1.1	9,779,793	-
		454,332,152	420,653,974

12.1 Accrued liabilities includes fuel price adjustment surcharge of Rs. 259,792 (June 30, 2016: Rs. 259,792).

	Note	2017 Rupees	2016 Rupees
12.2 Workers' profit participation fund			
Opening balance		9,195,655	8,217,009
Interest on funds utilized in the company's business	12.3	810,137	978,646
Allocation for the period		10,005,792	9,195,655
		-	-
Payments during the period		10,005,792	9,195,655
		-	-
		10,005,792	9,195,655

12.3 Interest on workers' profit participation fund has been provided at the rate 8.81% (June, 2016 : 11.91%) per annum up to June 30, 2017.

13 ACCRUED MARK UP / INTEREST

	2017 Rupees	2016 Rupees
Accrued markup / interest on :		
Long term financing	56,003,784	34,654,014
Short term borrowings	23,741,576	9,657,431
Liabilities against assets subject to finance lease	11,410,509	6,564,906
	91,155,869	50,876,351

14 SHORT TERM BORROWINGS

	Note	2017 Rupees	2016 Rupees
Secured - from banking companies			
Cash finance - NBP	14.2	101,144,290	105,294,610
Cash finance - BAFL	14.3	14,599,432	14,916,894
Cash finance - BIPL	14.4	12,257,254	12,257,254
Murabaha finance - FNBM	14.5	23,500,000	26,600,000
Running finance - BAHL	14.6	-	42,495,937
Book overdraft - unsecured	14.7	1,466,738	2,890,959
Un secured - from directors and associates			
From Directors - interest free		8,000,000	8,000,000
Forced Demand Draft-Gas Guarantee	14.8	17,189,561	-
		178,157,275	212,455,654

14.1 The aggregate unavailed short term financing facilities amounted to Rs. 96.169 million (June 30, 2016 : Rs. 13.504 million).

14.2 This loan has been obtained from National Bank of Pakistan to meet working capital needs of the company. It is secured against pledge of cotton bales, polyester, viscose man mad fiber bales and yarn with 10% margin on cotton / polyester / viscose/ man made fiber bales and 25% margin on yarn, joint pari passu hypothecation charge of Rs. 75 million on all current assets, joint pari passu charges of Rs. 485,666,667 (National Bank of Pakistan's share of Rs. 135,000,000) on all the present and future fixed assets (both movable and immovable) of the company and personal guarantee of sponsoring directors. It is subject to mark up at three months average ask KIBOR plus 2.5% (June 30, 2016 : three months average ask KIBOR plus 2.5%) per annum payable quarterly. The limit has expired on December 31,2015.

14.3 This loan has been obtained from Bank Alfalah Limited to finance working capital requirements. The loan is secured against joint pari passu hypothecation charge of Rs. 50 million on all current assets, joint pari passu charges of Rs. 485,666,667 (Bank Alfalah Limited's share of Rs. 50,000,000) on all the present and future fixed assets (both movable and immovable) of the company, lien on export documents/accepted drafts and personal guarantee of all the sponsoring directors of the company. The loan is subject to mark up at three months ask KIBOR plus 3% (June 30, 2016 : three months KIBOR plus 3%) payable quarterly. The limit has expired on November 30, 2015.

14.4 This murabaha facility has been obtained from Bank Islami Pakistan Limited to facilitate purchase of raw material. This facility has been secured against joint pari passu charges of Rs. 485,666,667 (Bank Islami Pakistan Limited's share of Rs. 67,000,000) on all the present and future fixed assets (both movable and immovable) of the company with 25% margin and personal guarantee of all the sponsoring directors. This loan is subject to mark up at three months ask KIBOR plus 4% with a floor of 13.90% (June 30, 2016 : three months ask KIBOR plus 4% with a floor of 13.90%) per annum. The limit has expired on November 30,2015.

14.5 This murabaha facility has been obtained from First National Bank Modaraba to facilitate purchase of raw material. In previous year, the facility were converted into non revolving facilities of murabaha amounted to Rs. 18.50 millions and Rs. 10.50 millions. The principal of Rs. 100,000 with regular profit of each morabah will be payable on monthly basis and the balance principal at maturity will be paid in lump sum. This facility has been secured against joint pari passu charge of Rs. 485,666,667 (First National Bank Modaraba's share of Rs. 18,667,000) on all the present and future fixed assets (both movable and immovable) of the company, ranking charge of Rs. 20.67(M) on all present and future fixed assets of the company and personal guarantee of all the sponsoring directors. This loan is subject to mark up at six months ask KIBOR plus 3.5% (June 30, 2016 : Six months Kibor plus 3.5%) per annum. The limit has been expired on December 05, 2014 and February 14, 2015 respectively. The overdue is Rs. 14.200 million (June 30, 2016: Rs 17.300 million) and Rs. 9.300 millions (June 30, 2016: Rs.9.300 millions) respectively.

14.6 This loan has been obtained from Bank Al Habib Limited to meet working capital needs of the company. It is secured against promissory note of Rs. 84,039,000 and lien over Al Habib special saver certificates valuing Rs. 80.00 million in the name of Mian Muhammad Ahmed with 12.50% margin. It is subject to mark up at three months average ask KIBOR plus 2% (June 30, 2016 : three months Kibor plus 2%) per annum payable quarterly. The limit has expired on February 28, 2017.

14.7 This represents cheque issued in excess of bank balance. Since there was no bank facility this has been grouped under Book Overdraft.

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

15 CURRENT PORTION OF NON CURRENT LIABILITIES	**Note**	**2017 Rupees**	**2016 Rupees**
Long term financing	7	84,254,199	67,502,199
Liabilities against assets subject to finance lease	9	63,613,708	54,095,570
Long term loans from others	11	49,658,313	-
		197,526,220	121,597,769

15.1 It includes overdue installment of Rs. 67,502,199/- (June 30, 2016: Rs. 53,150,199/-) and Rs. 52,345,570/- (June 30, 2016: Rs.33,822,191/-) in respect of long term financing and lease finance respectively. Subsequently, no payment in respect of long term financing and lease finance respectively has been made.

16 CONTINGENCIES AND COMMITMENTS	**Note**	**2017 Rupees**	**2016 Rupees**

16.1 Contingencies

16.1.1 Bank guarantee issued by the National Bank of Pakistan has been encashed during the period for payment of sui gas bill and a demand draft has been created by the bank		-	18,100,000

16.1.2 During current year company has not provided any provision for GIDC because The Lahore High Court has ordered stay in the court order No. 45364-17 on the recovery of amount of GIDC included in the gas bill.

16.1.3 During current year company has not provided any provision for Cotton Cess because The Lahore High Court has ordered stay in the court order No. 7990/2017 on the recovery of amount of Cotton Cess due.

16.1.4 Al-Baraka Bank (Pakistan) Limited has filed Suit No. 588/1, Dated: 16-09-2015 against the company under section 9 of the FINANCIAL INSTITUTIONS (RECOVERY OF FINANCIES) ORDINANCE, 2001 for recovery of Rs. 38,740,919/- which includes cost price, taxes etc. till realization of whole amount before the Banking Court, Lahore. The company has acknowledged its liability as per loan agreement but the amount of principal and mark up is not reconciled with the financial institutions in accordance with the above mentioned suit. The matter is still pending in the court. Management expects that matter shall be resolved through restructuring agreement of outstanding liability.

16.1.5 Soneri Bank Limited has filed Suit No. 65/2015, Dated: 29-10-2015 against the company under section 16 of the FINANCIAL INSTITUTIONS (RECOVERY OF FINANCIES) ORDINANCE, 2001 for recovery of Rs. 138,425,964/- which includes cost and cost of funds before the Honorable High Court. The company has acknowledged its liability as per loan agreement but the amount of principal and mark up is not reconciled with the financial institutions in accordance with the above mentioned suit. The matter is still pending in the court. The company is contesting its case before honorable court.

16.1.6 National Bank of Pakistan has filed suit No 21/2017 against the company before the Lahore High Court Lahore, wherein the bank has claimed the recovery of Rs. 234.986 million. The management is responding diligently to this case.

16.1.7 Company has filed suit against First National Bank Modaraba regarding lease of 2 Gen-Sets along with claim of Damages of Rs. 49,825,889/-. This suit was erroneously dismissed by the Banking Court No. III Lahore against which the appeal has been filed before the Lahore High Court Lahore. There is no scope of any fiscal loss to the Company in this case. The management is diligently pursuing this Case.

16.1.8 Company has filed suit against First National Bank Modaraba regarding Murabha facility along with claim of Damages of Rs. 49,765,300/-. This suit was erroneously dismissed by the Banking Court No. III Lahore against which the appeal has been filed before the Lahore High Court Lahore. There is no scope of any fiscal loss to the Company in this case. The management is diligently pursuing this Case.

16.2 Commitments

Letters of credit for other than capital expenditure		-	66,892,769

17 PROPERTY, PLANT AND EQUIPMENT

	Note	2017 Rupees	2016 Rupees
Operating assets	17.1	761,062,187	796,071,755
		761,062,187	796,071,755

17.1 Operating assets

Description	Owned									Leased	Total
	Freehold land	Building on freehold land		Plant and machinery	Electric installations	Office equipments	Furniture and fixtures	Electric appliances	Vehicles	Plant and machinery	
		Mills	Labour colony								
Cost											
Balance as at July 01,2015	94,815,000	231,206,896	45,563,561	702,892,708	17,657,010	2,236,204	1,035,539	3,859,717	3,771,173	281,093,510	1,384,131,317
Addition during the year	-	-	-	6,384,990	-	35,000	-	76,500	-	-	6,496,490
Addition due to surplus revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	(928,550)	-	(928,550)
Balance as at June 30,2016	94,815,000	231,206,896	45,563,561	709,277,698	17,657,010	2,271,204	1,035,539	3,936,217	2,842,623	281,093,510	1,389,699,257
Balance as at July 01,2016	94,815,000	231,206,896	45,563,561	709,277,698	17,657,010	2,271,204	1,035,539	3,936,217	2,842,623	281,093,510	1,389,699,257
Addition during the year	-	-	-	692,000	-	-	-	47,500	-	-	739,500
Addition due to surplus revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30,2017	94,815,000	231,206,896	45,563,561	709,969,698	17,657,010	2,271,204	1,035,539	3,983,717	2,842,623	281,093,510	1,390,438,757
Accumulated Depreciation											
Balance as at July 01,2015	-	113,798,584	25,842,884	319,734,919	9,377,315	1,158,341	645,593	2,559,817	2,344,251	81,438,140	556,898,844
Charge for the year	-	5,870,412	986,028	19,327,724	827,964	109,536	39,000	137,335	272,250	9,982,764	37,553,013
Adjustment due to surplus revaluation	-	-	-	-	-	-	-	-	-	-	-
Adjustment/ Transfer	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	(825,355)	-	(825,355)
Balance as at June 30,2016	-	119,668,996	26,828,912	339,062,643	10,205,279	1,267,877	684,593	2,697,152	1,791,146	91,420,904	593,627,502
Balance as at July 01,2016	-	119,668,996	26,828,912	339,062,643	10,205,279	1,267,877	684,593	2,697,152	1,791,146	91,420,904	593,627,502
Charge for the year	-	5,576,892	936,732	18,533,820	745,176	100,332	35,100	127,080	210,300	9,483,636	35,749,068
Adjustment due to surplus revaluation	-	-	-	-	-	-	-	-	-	-	-
Adjustment/ Transfer	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30,2017	-	125,245,888	27,765,644	357,596,463	10,950,455	1,368,209	719,693	2,824,232	2,001,446	100,904,540	629,376,570
Written down value as at June 30,2016	94,815,000	111,537,900	18,734,649	370,215,055	7,451,731	1,003,327	350,946	1,239,065	1,051,477	189,672,606	796,071,755
Written down value as at June 30,2017	94,815,000	105,961,008	17,797,917	352,373,235	6,706,555	902,995	315,846	1,159,485	841,177	180,188,970	761,062,187
Rate of depreciation	-	5%	5%	5%	10%	10%	10%	10%	20%	5%	

17.2 Depreciation for the period has been allocated as under:

	Note	2017 Rupees	2016 Rupees
Cost of goods sold	28.1	35,403,336	37,132,227
Administrative expenses	31	345,732	420,786
		35,749,068	37,553,013

17.3 Company had its freehold land, buildings on freehold land and plant and machinery revalued. Revaluation of freehold land, building on freehold land and plant and machinery was carried out as at December 12, 2014 by independent Valuer M/s International Design Group, architects, engineers, planners, evaluators, assessors and technical consultants. Freehold land was revalued at market value and building on freehold land and plant and machinery were valued at depreciated replacement cost. Previously freehold land, building on free hold land and machinery were revalued at March 01, 2013 by independent Valuer M/S International Design Group.

17.4 Had there been no revaluation, related figures of land, building and plant and machinery at June 30, 2017 would have been as follows:

		Cost	Accumulated depreciation	Written down value
Land		3,062,215	-	3,062,215
Building		78,232,439	42,224,894	36,007,545
Plant and machinery		377,218,372	189,163,871	188,054,501
June 30, 2017	Rupees	458,513,026	231,388,765	227,124,261
June 30, 2016	Rupees	457,821,026	219,608,166	238,212,860

	Note	2017 Rupees	2016 Rupees
18 LONG TERM DEPOSITS			
Security deposits		1,360,620	1,360,620
Electricity		11,992,580	905,000
Sui gas		2,492,800	4,342,800
Leasing companies		621,060	421,060
Others			
		16,467,060	7,029,480
19 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		12,291,942	18,267,288
Spare parts		30,285,371	39,919,643
Loose tools		36,414	67,478
		42,613,726	58,254,409
20 STOCK IN TRADE			
Raw material	20.2	122,098,216	168,078,482
Work in process		7,769,060	8,296,576
Finished goods	20.1 & 20.2	21,812,363	50,447,460
		151,679,639	226,822,518

20.1 Finished goods amounting to Rs. 22,230,304 are stated at their net releasable value aggregating to Rs. 20,802,531. The amount charged to profit and loss account in respect of stocks written down to their net realizable value is Rs. 1,427,773 (June, 2016: Rs.5,141,582/-). Finished goods also includes Rs. 1,009,832/- (June 30, 2016 : Rs. 451,812/-) in respect of waste stock being valued at net realizable value.

20.2 The value of pledged stock in raw material and finished goods is Rs. 89,138,979/- (June 30, 2016 : Rs. 80,484,596/-).

	Note	2017 Rupees	2016 Rupees
21 TRADE DEBTS			
Unsecured - considered good			
Local		4,491,374	24,190,499
		4,491,374	24,190,499
22 LOANS AND ADVANCES			
Considered good			
Advances to / against:			
Employees	22.1	2,721,411	3,633,953
Suppliers		9,059,400	17,429,404
		11,780,811	21,063,357

22.1 These advance to employees are given against their salaries, wages and gratuity.

		2017 Rupees	2016 Rupees
23 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Prepayments		432,519	453,766
Deposits- Lease company		1,850,000	-
		2,282,519	453,766
24 OTHER RECEIVABLES			
Insurance claim receivable		-	183,900
		-	183,900
25 TAX REFUNDS DUE FROM GOVERNMENT			
Advance income tax		23,996,107	21,034,111
Sales tax receivable		10,532,903	6,669,138
		34,529,010	27,703,249
26 CASH AND BANK BALANCES			
Cash in hand		14,095,897	2,534,611
Cash with banks			
In current accounts		249,280	9,459,836
		14,345,177	11,994,447

	Note	2017 Rupees	2016 Rupees
27 SALES - NET			
Local			
Yarn		[illegible]	[illegible]
Waste		[illegible]	[illegible]
Raw material			[illegible]
		[illegible]	[illegible]
Less: Commission on local sales		[illegible]	[illegible]
Sales tax		[illegible]	[illegible]
		[illegible]	[illegible]
28 COST OF SALES			
Cost of goods manufactured	[illegible]	[illegible]	[illegible]
Finished goods			
Opening stock		[illegible]	[illegible]
Closing stock		[illegible]	[illegible]
		[illegible]	[illegible]
		[illegible]	[illegible]
28.1 Cost of goods manufactured			
Raw material consumed	[illegible]	[illegible]	[illegible]
Cost of raw material sold	[illegible]		[illegible]
Packing material consumed		[illegible]	[illegible]
Stores and spares consumed		[illegible]	[illegible]
Salaries, wages and other benefits	[illegible]	[illegible]	[illegible]
Fuel and power		[illegible]	[illegible]
Insurance		[illegible]	[illegible]
Depreciation	[illegible]	[illegible]	[illegible]
Repairs and maintenance		[illegible]	[illegible]
Other manufacturing overheads		[illegible]	[illegible]
		[illegible]	[illegible]
Work in process			
Opening stock		[illegible]	[illegible]
Closing stock		[illegible]	[illegible]
		[illegible]	[illegible]
		[illegible]	[illegible]
28.1.1 Raw material consumed			
Opening stock		[illegible]	[illegible]
Add: Purchases - net		[illegible]	[illegible]
		[illegible]	[illegible]
Less: Closing stock		[illegible]	[illegible]
		[illegible]	[illegible]
Less: Cost of raw material sold			[illegible]
Insurance claim against cotton - recorded		[illegible]	[illegible]
		[illegible]	[illegible]

28.1.2 Salaries, wages and other benefits include Rs. [illegible] (2016: Rs. [illegible]) in respect of staff retirement benefits - gratuity.

	2017 Rupees	2016 Rupees
29 OTHER OPERATING INCOME		
From financial assets		
Profit on bank deposits		[illegible]
From other than financial assets		
Gain on disposal of fixed assets		[illegible]
		[illegible]

	Note	2017 Rupees	2016 Rupees
30 DISTRIBUTION COST			
Freight		221,210	139,169
Loading charges		251,510	451,020
		472,720	590,189
31 ADMINISTRATIVE EXPENSES			
Directors' remuneration		3,600,000	2,700,000
Director's benefits		661,535	758,269
Staff salaries and other benefits	31.1	8,315,216	10,200,256
Rent, rates and taxes		164,400	9,793
Printing and stationery		132,640	246,869
Electricity gas and water		411,369	466,590
Vehicles running and maintenance		2,244,712	1,902,177
Postage and telephone		535,368	607,791
Fee and subscription		172,829	336,683
Traveling and conveyance		349,834	847,374
Legal and professional		1,711,000	2,580,224
Repairs and maintenance		221,770	287,140
Auditors' remuneration	31.2	655,111	667,775
Insurance		168,992	176,646
Entertainment		319,933	574,781
Depreciation	17.2	345,732	420,786
Advertisement		106,660	52,000
Other expenses		676,751	729,137
		20,793,852	23,564,291

31.1 Salaries, wages and other benefits include Rs.813,790 /- (June 30, 2016: Rs. 2,022,388/-) in respect of staff retirement benefits -gratuity.

31.2 Auditors' remuneration	Note	2017 Rupees	2016 Rupees
Statutory annual audit		550,000	550,000
Half yearly review		73,500	73,500
Other reviews and certifications		31,611	44,275
		655,111	667,775
32 OTHER OPERATING EXPENSES			
Donation	32.1	26,000	270,983
Exchange loss on translation of foreign LC's payable		528,301	1,104,823
		554,301	1,375,806

32.1 No director or his spouse has any interest in the donee funds.

	Note	2017 Rupees	2016 Rupees
33 FINANCE COST			
Mark up / interest on			
Short term borrowings		16,461,762	18,943,673
Long term financing		21,349,770	22,333,686
Liabilities against assets subject to finance lease		4,995,041	5,055,415
Workers' profit participation fund	12.2	810,137	978,646
Bank charges, commission and excise duty		140,322	832,551
		43,757,032	48,143,971
34 TAXATION			
Current			
Current year		5,911,230	-
Prior year		-	-
Deferred			
Current year		(13,733,702)	(61,810,085)
Prior year - effect of change in tax rate		-	-
		(7,822,472)	(61,810,085)

34.1 The assessment of the company will be finalized under section 113 of the Income Tax Ordinance, 2001. The income tax assessment of the company has been finalized up to the tax year 2016.

34.2 Numerical reconciliation between the average tax rate and the applicable tax rate	2017 -----%-----	2016 -----%-----
Applicable tax rate	31.00	32.00
Tax effect of amounts that are:		
Adjustment of the prior years	0.00	0.00
Income chargeable to tax at different rate	-17.56	0.00
Deferred tax	-8.53	0.00
Tax credits	-0.04	0.00
Effective tax rate	4.86	0.00

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	Rupees					
Remuneration	1,600,000	1,000,000	800,000	800,000	2,886,840	2,568,540
House rent	720,000	450,000	360,000	360,000	1,299,078	1,155,843
Utilities	80,000	50,000	40,000	40,000	144,342	128,427
	2,400,000	1,500,000	1,200,000	1,200,000	4,330,260	3,852,810
Number of persons	1	1	1	1	5	6

35.1 No meeting fee has been paid to directors except nominee director during the period.

35.2 Chief executive and directors are also provided with free use of company maintained cars and medical facility. The monetary value of the benefits amount to Rs. 865,612/- (June 30, 2016 : Rs. 1,138,574/.)

36 LOSS PER SHARE - BASIC AND DILUTED

The calculation of the basic and diluted loss per share is based on the following data.

		2017	2016
Loss for the year after taxation	Rupees	(153,110,103)	(183,476,655)
Number of shares			
Weighted average number of ordinary shares outstanding during the year	Numbers	4,467,036	4,467,036
Loss per share - basic and diluted	Rupees	**(34.28)**	**(41.07)**

36.1 There is no dilutive effect on the basic loss per share of the company.

37 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of associated companies, directors and key management personnel. Amounts due to related parties and transactions with related parties (key management personnel) are disclosed in the relevant notes.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balance outstanding from related parties are unsecured and repayable on demand or as contracted. Amounts due to related parties are shown in the relevant notes to the financial statements. All transactions are carried out on commercial basis. Transaction with related parties are disclosed below.

37.1 Transaction of related parties

	Nature of relationship	Transaction	2017 Rupees	2016 Rupees
Directors	Related party	Receipts of long term financing from directors	-	8,000,000
		Repayment of long term financing	-	-

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- 38.1 Credit risk
- 38.2 Liquidity risk
- 38.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

38.1 Credit risk

38.1.1 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 tr ide debts, loans and advances, trade deposits and short term prepayments. Out of total financial assets of Rs. 39.875 million (June 30, 2016: 47.032 million), financial assets which are subject to credit risk aggregate to Rs. 25.530 million (June 30, 2016: 35.038 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2017 Rupees	2016 Rupees
Long term deposits	16,467,060	7,029,480
Trade debts	4,491,374	24,190,499
Loans and advances	2,721,411	3,633,953
Trade deposits and short term prepayments	1,850,000	-
Other receivables	-	183,900
Cash and bank balances	14,345,177	11,994,447
	39,875,022	47,032,279

38.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

	2017 Rupees	2016 Rupees
Domestic	4,491,374	24,190,499

38.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

	2017 Rupees	2016 Rupees
Yarn	4,491,374	12,561,050
Waste	-	11,629,449
	4,491,374	24,190,499

38.1.4 The aging of trade debtors at the balance sheet is as follows.

	2017 Rupees	2016 Rupees
Past due 0 - 30 days	392,544	17,721,057
Past due 31 - 90 days	-	961,913
Past due 91 days - 1 year	1,139,750	3,265,245
More than 1 year	2,959,080	2,242,285
	4,491,374	24,190,499

38.2 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 un acceptable losses or risking damages to the company's reputation. The following are the contractual maturities of the financial liabilities including interest payments and excluding the impact of netting agreements..

	2017					
	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non-derivative Financial liabilities						
Long term financing	149,511,945	159,834,544	78,336,183	10,134,847	71,363,514	-
Long term financing from directors	138,683,905	138,683,905	-	-	-	138,683,905
Long term from others	49,658,313	51,436,908	-	49,658,313	-	-
Finance lease	81,855,397	85,120,637	60,608,010	4,399,460	20,113,167	-
Trade and other payables	434,490,088	434,490,088	434,490,088	-	-	-
Accrued mark up / interest	91,155,869	91,155,869	91,155,869	-	-	-
Short term borrowings	178,157,275	156,497,117	156,497,117	-	-	-
	1,123,512,792	1,117,219,068	821,087,267	64,192,620	91,476,681	138,683,905

	2016					
	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years
	---------- Rupees ----------					
Non-derivative Financial liabilities						
Long term financing	149,511,945	180,490,288	79,284,460	9,374,114	89,973,574	1,858,140
Long term financing from directors	138,683,905	138,683,905	-	-	-	138,683,905
Finance lease	83,605,397	95,368,793	48,044,575	14,023,757	33,300,461	
Long term loans from others	49,658,313	-	-	-	49,658,313	-
Trade and other payables	411,353,945	411,353,945	411,353,945	-	-	-
Accrued mark up / interest	50,876,351	50,876,352	50,876,352	-	-	-
Short term borrowings	212,455,654	208,963,919	208,963,919	-	-	-
	1,096,145,510	1,085,737,201	798,523,250	23,397,871	172,932,348	140,542,045

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at year end. The rates of mark up have been disclosed in relevant notes to these financial statements.

38.3 Market risk

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

38.3.1 Currency risk

Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar, Japanese Yen and Euro. The currency in which these transactions primarily are denominated is US Dollar and Euro. The company is not exposed to any foreign currency risk as at June 30, 2017.

Sensitivity analysis

5% strengthening of Pak Rupee against the following currency at June 30, would not increased / (decreased) equity and profit and loss.

38.3.2 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows:

	2017 Rupees	2016 Rupees
Variable rate instruments		
Financial liabilities	596,400,097	442,682,037

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2017.

	Profit and loss		Equity	
	100 bp increase	100 bp (decrease)	100 bp increase	100 bp (decrease)
	---------- Rupees ----------			
Cash flow sensitivity - variable rate instruments 2017	(5,964,001)	5,964,001	-	-
Cash flow sensitivity - variable rate instruments 2016	(4,426,820)	4,426,820	-	-

38.4 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	2017 Rupees	2016 Rupees
38.5 Off balance sheet items		
Bank guarantees issued in ordinary course of business	-	18,100,000
Letters of credit other than capital expenditures	-	66,892,769

38.6 Capital risk management

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

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

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

	2017 Rupees	2016 Rupees
Total borrowings	222,183,340	299,861,791
Net debt	222,183,340	299,861,791
Total equity	(454,775,080)	(318,841,581)
Total capital	(232,591,740)	(18,979,790)
Gearing ratio	-95.53%	-1579.90%

39 CAPACITY INSTALLED AND ACTUAL PRODUCTION

	2017	2016
Number of spindles installed	28,248	28,248
Number of spindles worked	13,860	26,927
Number of shifts per day	3	3
Installed capacity after conversion into 20/s counts (Kgs.)	9,946,319	9,946,319
Actual production of yarn after conversion into 20/s counts (Kgs.)	4,345,850	9,278,662

It is difficult to precisely describe production capacity and the resultant production converted into single counts in the textile industry since it fluctuates widely depending on various factors such as type of yarn produced and raw material used etc. It would also vary according to pattern of production adopted in a particular year. Actual production is very low than the installed capacity because the mill was not operational for more than six months during the current period.

40 NUMBER OF EMPLOYEES

	2017	2016
Number of employees worked as at year end	371	376
Average employee worked during the year	370	374

41 DATE OF AUTHORIZATION FOR ISSUE

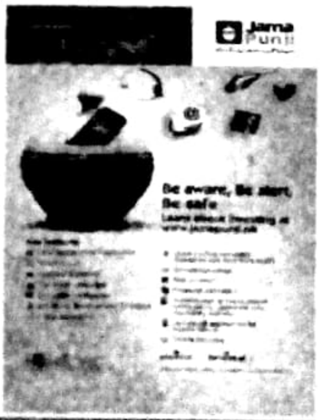
These financial statements have been authorized for issue on October 10,2017 by the board of directors of the company.

42 CORRESPONDING FIGURES

No figure has been rearranged/reclassified

CHIEF EXECUTIVE

DIRECTOR



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FORM 34

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING AS AT JUNE 30, 2017

No. of Shareholders	From	To	Total Shares Held
84	1	100	2,582
227	101	500	55,945
293	501	1,000	176,883
86	1,001	5,000	210,540
22	5,001	10,000	173,299
8	10,001	15,000	109,296
6	15,001	20,000	113,500
3	20,001	25,000	67,858
2	25,001	30,000	52,340
4	30,001	35,000	131,335
2	40,001	45,000	86,440
1	45,001	50,000	47,000
1	75,001	80,000	75,500
3	85,001	90,000	269,670
1	90,001	95,000	91,565
1	110,001	115,000	111,000
1	140,001	145,000	143,818
1	145,001	150,000	148,302
1	285,001	290,000	289,918
1	290,001	295,000	291,399
1	805,001	810,000	806,673
1	1,010,001	1,015,000	1,012,173
750			**4,467,036**

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor childern	1,016,173	22.7483%
Associated Companies, undertakings and related parties.	0	0.0000%
NIT and ICP	5,653	0.1265%
Banks Development Financial Institutions, Non Banking Financial Institutions.	185	0.0041%
Insurance Companies	--	--
Modarabas and Mutual Funds	291,399	6.5233%
Share holders holding 10% or more	1,818,846	40.7171%
General Public		
Local	3,120,367	69.8532%
Foreign	0	0.0000%
Others (to be specified)		
Joint Stock Companies	2,135	0.0478%
Pension Funds	30,069	0.6731%
Others	1,055	0.0236%

DETAIL OF SHAREHOLDING

As on 30th June, 2017

CATEGORIES OF SHAREHOLDERS	HOLDING	%AGE
1 DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN		
MR. NOMAN ALMAS	1,012,173	22.6587%
MR. NAVEED AHMAD	1,000	0.0224%
MR. ABDUL SHAKOOR	600	0.0134%
MR. MUHAMMAD AKRAM	500	0.0112%
MR. MUHAMMAD RAMZAN	600	0.0134%
MR. ZAHID ALI	800	0.0179%
MR. MUHAMMAD FIAZ	500	0.0112%
	1,016,173	22.7483%
2 ASSOCIATED COMPANIES		0.0000%
	0	0.0000%
3 NIT and ICP		
INVESTMENT CORP. OF PAKISTAN	4,900	0.1097%
IDBL (ICP UNIT) (CDC)	753	0.0169%
	5,653	0.1265%
4 FINANCIAL INSTITUTION		
NATIONAL BANK OF PAKISTAN. (CDC)	185	0.0041%
	185	0.0041%
5 MUTUAL FUNDS		
CDC TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	291,399	6.5233%
	291,399	6.5233%
6 PENSION FUNDS		
TRUSTEE NATIONAL BANK OF OAKISTAN EMPLOYEES PENSION FUND (CDC)	30,069	0.6731%
	30,069	0.6731%
7 JOINT STOCK COMPANIES		
MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000%
TIME SECURITIES (PVT.) LTD (CDC)	449	0.0101%
Y.S SECUTITIES & SERVICES (PVT) LTD. (CDC)	1,685	0.0377%
	2,135	0.0478%
8 OTHERS		
TRUSTEE NATIONAL BANK OF OAKISTAN EMP BENEVOLENT FUND TRUST (CDC)	1,055	0.0236%
	1,055	0.0236%
9 SHARES HELD BY THE GENERAL PUBLIC		
LOCAL	3,120,367	69.8532%
FOREIGN	0	0.0000%
	3,120,367	69.8532%
TOTAL:	**4,467,036**	**100.0000%**
10 SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL		
MR. NOMAN ALMAS	1,012,173	22.6587%
MRS. SHAMIM AKHTAR	806,673	18.0584%
	1,818,846	**40.7171%**
11 SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL		
MR. NOMAN ALMAS	1,012,173	22.6587%
MRS. SHAMIM AKHTAR	806,673	18.0584%
MRS. FAREEHA PERVAIZ	289,918	6.4902%
CDC TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	291,399	6.5233%
	2,400,163	**53.7305%**

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

	SALE	PURCHASE
MR. ABDUL SHAKOOR		600
MR. MUHAMMAD AKRAM		500
MR. MUHAMMAD RAMZAN		600
MR. ZAHID ALI		800
MR. MUHAMMAD FIAZ		500