

**ANNUAL
REPORT
2017**



AMTEX LIMITED

Contents

Company Profile.....	02
Company Information.....	03
Vision & Mission Statement.....	04
Financial Highlights.....	05
Notice of Annual General Meeting.....	07
Chairman’s Review Report.....	09
Directors’ Report.....	11
Statement of Compliance.....	22
Review Report to the Members.....	25

Financial Statements

Auditors’ Report to the Members.....	26
Balance Sheet.....	28
Profit & Loss Account.....	30
Statement of Comprehensive Income.....	31
Cash Flow Statement.....	32
Statement of Changes in Equity.....	34
Notes to the Financial Statements.....	35
Pattern of Shareholding.....	68
Form of Proxy.....	72

COMPANY PROFILE

Amtex Limited is amongst the largest vertically integrated Textile setups in Pakistan having production facilities in all sectors of Textile Industry from Spinning, Weaving, Processing, Printing, Finishing, Cut and Sewn processes and provides employment opportunities to large number of families. After establishing strong foothold in the Textile exports, Amtex successfully switched to Direct to Retail (“DTR”) business model that has enabled it to focus on exporting high value added diversified Products directly to premier Retailers in the EU, USA and across the globe. Amtex holds an iconic textile position in the Global textile industry, being the “One Stop Shop” concept by offering largest variety and combination of products to its diversified customers.

With state of the art Textile manufacturing facility, internationally recognized R&D Department, Strong outsourcing capabilities, Professional management, International display centers and warehouses for facilitating procurement of orders and direct dealing with retailing giants, Amtex is marching towards becoming a leader. Amtex has shown huge promise in value added Home Textile sector, where it has become a leader in exporting high end quality Products. Amtex has maintained its focus and commitment in balancing, modernization and value addition activities, as core business philosophy. Amtex aims at developing synergies by keeping abreast with their strong vendor base and establishing partnerships with them so as to increase the Product portfolio as well as to have the flexibility to react to the dynamics of ever demanding growing parameters of market and global business.

Company Information

Board of Directors

Mr. Muhammad Ahsan
Mr. Khurram Iftikhar
Mr. Shahzad Iftikhar
Mr. Nadeem Iftikhar
Mr. Suhail Maqsood Ahmed
Mr. Gul Muhammad Naz
Mr. Usman Ghani

Chairman
Chief Executive Officer

Secretary & Chief Financial Officer

Mr. Tahir Javed

Audit Committee

Mr. Suhail Maqsood Ahmed
Mr. Muhammad Ahsan
Mr. Usman Ghani

Chairman

Human Resource & Remuneration Committee

Mr. Muhammad Ahsan
Mr. Suhail Maqsood Ahmed
Shahzad Iftikhar

Chairman

Auditors

Zahid Jamil & Co.
Chartered Accountants

Legal Advisor

Mr. Mushtaq Ahmed Khan
Advocate Supreme Court

Share Registrar Office

Vision Consulting Limited
3-C, LDA Flats, Lawrance Road, Lahore

Registered Office

P-225 Tikka Gali # 2 Montgomery Bazar, Faisalabad

Projects Locations

30-k.m. Shaiekhupura Road Faisalabad
Sargodha Road Faisalabad
1-k.m. Khurrianwala Jaranwala Road

Spinning Unit
Weaving Unit
Processing & Stitching Unit

Website

www.amtextile.com

Vision Statement

Our vision is to provide our customers all their required goods and services from one platform.

Mission Statement

Our mission is to become the buyer's first choice all around the world and to achieve this target we make sure that we stay true to the highest standards of excellence and customer's satisfaction.

FINANCIAL HIGHLIGHTS

	YEAR ENDED JUNE 30,					
	2017	2016	2015	2014	2013	2012
	Rupees in million					
Operating performance						
Sales-net	1,698	2,154	2,905	2,812	2,485	3,002
Cost of Sales	2,328	2,777	3,591	3,921	3,203	2,951
Gross (loss) / profit	(630)	(623)	(686)	(1,108)	(718)	51
Operating (loss)	(1,321)	(1,359)	(1,411)	(1,779)	(1,402)	(1,372)
(Loss) before taxation	(1,468)	(1,514)	(1,591)	(1,959)	(2,316)	(2,689)
(Loss) after taxation	(1,486)	(1,526)	(1,602)	(1,967)	(2,322)	(2,699)
	YEAR ENDED JUNE 30,					
	2017	2016	2015	2014	2013	2012
	Rupees in million					
Financial position						
Property, plant and quipment-net (excl.capital work in progress)	3,388	4,079	4,299	4,674	4,984	5,066
Intangible assets	-	-	-	-	1	4
Capital work in progress	-	-	35	26	63	107
Fixed assets	3,388	4,079	4,335	4,700	5,049	5,176
Total assets	8,683	10,462	11,899	13,461	15,481	16,879
Current assets						
Store, spare parts, loose tools and stock in trade	1,920	2,462	2,903	3,540	4,596	5,660
Other current assets	3,126	3,713	4,434	5,033	5,668	5,894
Cash and cash equivalents	192	146	172	151	136	135
	5,238	6,321	7,509	8,725	10,400	11,689
Current liabilities						
Short term bank borrowings	7,495	7,371	6,956	6,857	7,033	6,919
Current portion of long term financing/ murabaha	884	740	1,084	946	784	760
Other current liabilities	2,975	2,985	3,145	3,117	3,255	2,704
	11,354	11,096	11,185	10,920	11,073	10,383
Net Working Capital	(6,116)	(4,775)	(3,676)	(2,196)	(672)	1,306
Long term fianancing/ murahaba	1,260	1,581	1,558	1,829	1,838	1,907
Share capital and reserves	(5,950)	(4,633)	(3,197)	(1,759)	18	2,174

YEAR ENDED JUNE 30,					
2017	2016	2015	2014	2013	2012

Profitability analysis

Gross (loss) / profit to sales	(%)	(37.1)	(28.9)	(23.6)	(39.4)	(28.9)	1.7
(Loss) before tax to sales	(%)	(86.5)	(70.3)	(54.8)	(69.7)	(93.2)	(89.6)
(Loss) after tax to sales	(%)	(87.5)	(70.8)	(55.1)	(69.9)	(93.4)	(89.9)
Loss per share	(Rupees)	(5.9)	(5.9)	(6.2)	(7.6)	(9.0)	(10.4)

YEAR ENDED JUNE 30,					
2017	2016	2015	2014	2013	2012

Financial analysis

Current Ratio	(times)	0.5	0.6	0.7	0.8	0.9	1.1
Debt to equity	(times)	(0.4)	(0.5)	(0.7)	(1.4)	129.9	1.1
Break up value per share	(Rupees)	(22.9)	(17.9)	(12.3)	(6.8)	0.1	8.4
Inventory turnover ratio	(times)	1.5	1.4	1.4	1.2	0.8	0.6
Debtors turnover ratio	(times)	0.6	0.6	0.7	0.6	0.5	0.5
Fixed assets turnover ratio	(times)	0.5	0.5	0.7	0.6	0.5	0.6
Total assets turnover	(times)	0.2	0.2	0.2	0.2	0.2	0.2

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the members of Amtex Limited (the Company) will be held on October 28, 2017 at 11:00 A.M. at Company's registered office P-225 Tikka Gali # 2 Montgomery Bazar Faisalabad to transact the following business:

ORDINARY BUSINESS

1. To confirm minutes of the Extraordinary General Meeting held on August 29, 2017.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2017 together with Directors' and Auditors' reports thereon.
3. To approve re-appointment of M/s. Zahid Jamil & Company, Chartered Accountants, as external auditors of the Company for the year 2017-18 and fix their remuneration, as recommended by the Audit Committee and Board of Directors.
4. To transact any other business with the permission of the chair.

By Order of the Board

Faisalabad
October 05, 2017

Tahir Javed
Company Secretary

NOTES: -

1. The Share Transfer Books of the Company will remain closed from 20-10-2017 to 28-10-2017 (both days inclusive). Transfers received at Vision Consulting Ltd, 3-C Lawrance Road, LDA Flats Lahore at the close of the business on 19-10-2017 will be treated in time
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as proxy to attend and vote instead of him. The proxy forms, in order to be effective, must be received at Company's registered office P-225, Tikka Gali # 2 Montgomery Bazar Faisalabad, not less than 48 hours before the meeting.
3. Members can avail video conference facility for attending the meeting at places other than the town in which general meeting is taking place. In this regard, please fill the enclosed consent for video conference facility and submit to registered address of the company, ten (10) before holding of the general meeting. If Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference ten (10) days prior to the date of the meeting, Company will arrange a video conference facility in the city subject to availability of such facility in that city. The Company will intimate to members regarding venue of video conference facility at least five (5) days before the date of the meeting along with all the information necessary to enable them to access the facility.
4. Members are requested to notify immediately changes, if any, in their registered address.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulation, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

For Appointing Proxies:

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

Review Report by the Chairman

An annual evaluation of the Board of Directors of Amtex Limited is carried out as required by the Code of Corporate Governance. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives of the Company.

For the financial year ended June 30, 2017, despite challenging and very tough situation for textile sector especially in Punjab, Board's overall performance and effectiveness is consistent and satisfactory. As per evaluation Board's majority of members attended scheduled Board Meetings during the year and adequately discharges its responsibilities. The non-executive and independent directors are equally involved in all important strategic decisions. Members of Audit committee have also met on regular intervals ensuring the effectiveness and implementation of internal controls.

As far as overall performance is concerned the turnover of company has significantly declined during the year under review due to underutilization of capacities due to lack of orders in the local and international market. The main factor of underutilization is that cost of doing business has increased manifold and it has become very difficult for the textile industry to secure profitable orders. The inter provinces gas price difference is mainly responsible for the high cost as expensive imported RLNG is supplied to textile industry in Punjab and indigenously produced system gas is supplied to textile industry in Sindh at lower rates. Moreover, Pak Rupee is overvalued in comparison with its regional competitors making export business more difficult for the textile industry. Due to these adverse economic factors for textile industry banks are also reluctant to provide required working capital support. Management has made Plans to improve the situation and survive in current difficult situation and in order to mitigate aforementioned factors members of the Company has accorded approval, in an Extra Ordinary General Meeting, to sale certain properties and machinery, mortgaged with banks, the entire such sale proceeds will be paid to relevant charge holder banks to reduce the debt burden and settle the litigation with these banks and members has also approved to lease out the land and buildings of Processing Division and generate revenue from lease rent. The company needs support from its financial partners by way of rescheduling and restructuring of existing loans. In order to revive textile export business and to utilize its production facilities at optimum levels support from Government is also required on immediate basis by removing the inter provinces gas price difference and release of exporters refund.

Finally I acknowledge the commitment and diligence of my fellow directors and their executive team during the year under review for their continued work and support.

Faisalabad
October 04, 2017

Muhammad Ahsan
Chairman

چئیرمین کی جائزہ رپورٹ:

ایم ٹیکس لمیٹڈ بورڈ آف ڈائریکٹرز کا سالانہ جائزہ کوڈ آف کارپوریٹ گورننس کے تحت کیا جاتا ہے۔ اس جائزے کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال 30 جون 2017 کے دوران ٹیکسٹائل سیکٹر میں خاص طور پر صوبہ پنجاب میں انتہائی چیلنجنگ اور مشکل صورت حال کے باوجود بورڈ کی مجموعی کارکردگی اور افادیت مستقل اور اطمینان بخش رہی ہے۔ جائزے کے مطابق سال کے دوران بورڈ کے زیادہ تر ممبران نے طے شدہ بورڈ میٹنگز میں شرکت کی ہے اور اپنی ذمہ داریاں کما حقہ ادا کی ہیں۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز کمپنی کے تمام اہم فیصلوں میں شامل رہے ہیں۔ آڈٹ کمیٹی کے ممبران مناسب وقفوں سے ملتے رہے ہیں تاکہ انٹرنل کنٹرول کی افادیت کو یقینی بنایا جاسکے۔

جہاں تک مجموعی کارکردگی کا تعلق ہے کمپنی کی فروخت زریعہ سال کے دوران کافی کم ہوئی ہے جس کی وجہ مینوفیکچرنگ سہولیات کا کم استعمال اور لوکل اور انٹرنیشنل منڈیوں میں آرڈرز کی کمی ہے۔ مینوفیکچرنگ سہولیات کے کم استعمال کی بڑی وجہ پیداواری لاگت میں اضافہ ہے جسکی وجہ سے ٹیکسٹائل کی صنعت کو منافع بخش آرڈرز کو برقرار رکھنے میں دشواری کا سامنا ہے۔ پیداواری لاگت میں اضافے کی بڑی وجہ صوبوں کے درمیان گیس کی قیمتوں کا فرق ہے پنجاب میں درآمدی RLNG زیادہ قیمت پر مہیا کی جا رہی ہے جبکہ سندھ میں ٹیکسٹائل کی صنعت کو سٹم سے حاصل شدہ گیس کم قیمت پر مہیا کی جا رہی ہے۔ مزید برآں پاکستانی روپیہ کی ریجنل کمپیٹیٹرز کے مقابلے میں اور ویلیویشن نے ٹیکسٹائل کی صنعت کے لیے برآمدی کاروبار کو مشکل بنا دیا ہے۔ ٹیکسٹائل کی صنعت میں ان ناموافق اقتصادی حالات کی وجہ سے بینک بھی سرمائے کی فراہمی میں ہچکچاہٹ کا شکار ہے۔ کمپنی کے منتظمین کی جانب سے موجودہ مشکل صورت حال میں کاروبار کو بحال رکھنے کے لیے منصوبہ بندی کی گئی ہے اور پہلے بیان کیے گئے مسائل کے حل کیلئے کمپنی کے شیئر ہولڈرز کی طرف سے 29 اگست 2017 کو ہونے والے غیر معمولی اجلاس عام میں منظوری دی گئی ہے کہ بینکوں کے پاس رہن شدہ کمپنی کی کچھ جائیداد اور مشینری کو فروخت کر کے حاصل ہونے والی رقم کو ان بینکوں کے قرضوں میں ایڈجسٹ کیا جائے تاکہ ان بینکوں کی طرف سے کیئے گئے مقدمات کو سیٹل کیا جاسکے۔ ممبران کی طرف سے پروسیڈنگ پونٹ کی لینڈ اور بلڈنگ کو لیز پر دینے کی بھی منظوری دی گئی ہے تاکہ کرائے کی مد میں ریونیو حاصل کیا جاسکے۔ موجودہ قرضوں کی از سر نو ترتیب کے لیے کمپنی کو اپنے مالیاتی پارٹنرز کی جانب سے سپورٹ کی ضرورت ہے۔ ٹیکسٹائل کے برآمدی کاروبار کو برقرار رکھنے اور مینوفیکچرنگ سہولیات کا مکمل استعمال کرنے کے لیے حکومت کی جانب سے بھی فوری سپورٹ ضرورت ہے جیسے کہ صوبوں کے درمیان گیس کی قیمتوں کے فرق کو ختم کرنا اور برآمد کنندگان کے ریفیڈرز کی ادائیگی ہے۔

تمام فیوڈائریکٹرز صاحبان اور ان کی ایگزیکٹو ٹیم کی جانب سے زریعہ سال کے دوران معاونت اور مستقل مزاجی قابل تحسین ہے۔

محمد احسن
چئیرمین

فیصل آباد

بتاریخ: 4 اکتوبر 2017

Directors' Report

The Directors of your Company present before you the annual report with audited financial statements for the year ended June 30, 2017.

Operating & Financial Results

The financial year 2017 was again challenging and tough year for overall economy and especially for textile sector in Pakistan. Domestic environment still affected by war on terror, political instability and very poor law & order situation. Cost of doing business of textile industry in Pakistan is almost 10% higher than regional competitors like Bangladesh, India and China and then cost of doing business in Punjab is even more expensive than textile industry working in Sindh. Further Government has failed to implement the policies and incentives committed with textile industry and significant amounts of refunds of exporters are held by FBR / Finance ministry.

The financial results for the year under review with comparative figures of previous year are presented hereunder:

	2017 Rupees	2016 Rupees
Sales	1,698,217,424	2,154,385,182
Cost of sales	2,328,104,119	2,777,481,623
Gross loss	(629,886,695)	(623,096,441)
Other loss	(14,787,562)	(11,265,326)
	(644,674,257)	(634,361,767)
Selling and distribution expenses	19,888,594	18,310,803
Administrative expenses	656,744,223	706,427,594
Finance cost	146,852,635	155,260,377
	823,485,452	879,998,774
Loss before taxation	(1,468,159,709)	(1,514,360,541)
Provision for taxation	17,395,713	11,537,056
Net loss for the year	(1,485,555,422)	(1,525,897,597)
Loss per share - Basic and diluted	(5.73)	(5.88)

During financial year ended June 30, 2017, company incurred gross loss of Rupees 629.886 million on sales of Rupees 1,698.217 million as compared to Rupees 623.096 million gross loss on sales of Rupees 2,154.385 million for the previous financial year. During the financial year ended June 30, 2017 Company incurred net loss after tax of Rupees 1,485.555 million as compared to net loss after tax of Rupees 1,525.897 million during the previous financial year. Gross loss is mainly attributed to overall increase in input cost and under-utilization of manufacturing capacities due to adverse economic factors and non-availability of required financial support from the banks of the company to meet the working capital needs to revive its export business. Moreover high prices of imported RLNG coupled with highest electricity cost in the region making export products more expensive. Due to high energy cost, liquidity crunch, working capital position of the company, underutilization of capacities and low export sales have culminated in after tax loss of rupees 1,485.555 million.

Auditors' Observations

The auditors of your company have opined that past due trade debts are impaired and provision for doubtful debts should be made in the financial statements. Company has provided partial provision against past due foreign receivable debtors and is negotiating with customers to recover the past payments. Based on its efforts management is confident for positive results.

Regarding the "going concern" observation of auditors, directors of your company explain that due to unfavorable textile market conditions, the Company is facing tight cash flow situation and has not been able to comply with the terms of certain loan agreements. Plans have been made to continue the Company as a going concern and in order to mitigate aforementioned factors members of the Company has accorded approval, in an Extra Ordinary General Meeting held on 29th August 2017, to sale certain properties and machinery, mortgaged with banks, the entire such sale proceeds will be paid to relevant charge holder banks to reduce the debt burden and settle the litigation with these banks and further to stem the ongoing losses members has approved to lease out the land and buildings of Processing Division of Company and generate revenue from lease rent. The management of the Company has already taken steps for extension and restructuring of loans. The major bankers of the Company have agreed to restructure the facilities and negotiations with other banks are in process. However, there is material uncertainty related to events or conditions 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 but as in view of steps mentioned above management is confident that it will be successful in its efforts and hence the Company will be able to continue as a going concern.

Certain banks / financial institutions have filed suit against the Company for recovery of their financing and mark up so Company has not provided any markup / cost of funds on the outstanding amount as stated in notes to the accounts. Based on the legal opinion, the Company feels that, after institution of the suit, bank/financial institution is only entitled to cost of funds if so awarded by the Court in case the suit is awarded against the company. The levy of cost of funds and the quantum thereof shall be contingent on passing of the decree and rate prescribed by the State

Bank of Pakistan during the period of pendency of the claim and discharge of decree, if passed by the Court.

Lease of Company's Processing and Dyeing Unit Land and Building

As disclosed in the Financial Statements under review (Refer Note 39), the Board of Directors in its meeting held on September 14, 2017 has approved the offer of M/S Abwa Knowledge Village (Pvt) Ltd to acquire the Company's Processing and Dyeing Unit land along with buildings constructed thereon on lease of thirty three years and an agreement has been made and yearly rent has been agreed Rupees 20,160,000/- along with 15% increase after every three years. Earlier, Chief Executive Officer, Mr. Khurram Iftikhar informed Board in its meeting held on September 05, 2017 that he is an interested director as per Section 205 of the Companies Act, 2017 as one of his sons is director in Abwa Knowledge Village (Pvt) Ltd and in this meeting he served general notice under sub section 3 of section 205 of the Companies Act, 2017 disclosing this fact. Therefore, as required under section 205 of the Companies Act, 2017 Mr. Khurram Iftikhar did not participate in the Board meeting held on September 14, 2017. The Board approved the aforementioned offer considering that this lease agreement will generate revenue and will decrease the operational expenses.

Market Review and Future Prospects

There has been no significant expansion in Pakistan Textile Industry during past couple of years owing to very high input cost and uncompetitive prices in global textile market. The financial partners are also reluctant for supporting the textile industry and the benefits of much anticipated textile policy cannot capitalize. Nevertheless, Government has zero rated sales tax on major textile inputs which will reduce the accumulation of exporter's refunds, the electricity and gas supply is improving although the cost is still highest in the region and the law and order situation in the country is gradually improving. Further, the management is working hard and hopeful that with the improvement of textile market along with removal of gas price differential in the Punjab Province bringing the gas price down up to the price in other provinces will reduce the operating cost and the production and operating results will improve. However, the future of growth of exports and textile industry mainly depends on the actual realization of the supports announced by the Government, release of refunds to exporters and on availability of financial support from the banks.

Dividend

In view of the adverse results in the current year, cash flows of the company do not permit dividend payout therefore the directors have not recommended any dividend for the year.

Auditors

The present auditors M/s Zahid Jamil & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors has been suggested by the audit

committee the re-appointment of M/s Zahid Jamil & Company, Chartered Accountants, as auditors for the financial year ending June 30, 2018.

Pattern of Shareholding

The pattern of Shareholding along with categories of shareholders of the company as at June 30, 2017 is annexed with this report.

No. of Board Meetings Held

Meetings of the board of directors were held during the year June 30, 2017 and the attendance of the directors is as follows:

Name	Designation	No. of Meetings Attended
Khurram Iftikhar	CEO/ Director	6
Shahzad Iftikhar	Director	7
Nadeem Iftikhar	Director	8
Suhail Maqsood Ahmed	Director	7
Muhammad Ahsan	Director	6
Usman Ghani	Director	5
Gul Muhammad Naz	Director	6

Audit Committee

The Audit Committee of the Company is in place and comprises of the following members as required under the Code of Corporate Governance:

Suhail Maqsood Ahmed Chairman
(Independent Director)

Muhammad Ahsan Member
(Non Executive Director)

Usman Ghani Member
(Non Executive Director)

Meetings of Audit Committee were held during the year ended June 30, 2017 as required by the Code of Corporate Governance for review of quarterly accounts, annual accounts and other related matters. The meetings were also attended by the CFO, Head of Internal Audit and External Auditors as and when required.

Human Resource & Remuneration Committee

During the year two meetings of the Human Resource & Remuneration Committee were convened. The attendance record of each member is as follows:

Name	Meetings Attended
Muhammad Ahsan	2
Suhail Maqsood Ahmed	2
Shahzad Iftikhar	2

Corporate Governance

The Statement of Compliance with the best practices of Code of Corporate Governance is annexed.

Corporate and Financial Frame Work

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting frame work:

1. The financial statements together with the notes thereon prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements.
4. International Accounting / Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no any departure there from.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations of the stock exchange where the company is listed.
7. Going concern is explained separately.
8. The company strictly complies with the standard of safety rules & regulations. It also follows environmental friendly policies.

9. Information about taxes and levies is given in the notes to the accounts.
10. Financial highlights of the last six years are annexed.

Acknowledgment

The Directors of your company would like to place on record their deep appreciation for the support of the banks, financial institutions, regulators and shareholders and hope for the same in future.

The directors of your company also wish to place on record appreciation for the dedication, perseverance and diligence of the staff and workers of the company.

For and on behalf of the Board

Chief Executive
Khurram Iftikhar

Faisalabad
Date: October 04, 2017

ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز حضرات آپ کے روبرو سالانہ رپورٹ مع مالی آڈٹ گوشواہ حساب برائے ختم سال 30 جون 2017 پیش کرتے ہیں۔

آپریشنل اور مالی نتائج:

مالی سال 2017 ایک بار پھر مجموعی معیشت اور خاص طور پر ٹیکسٹائل سیکٹر کے لیے مشکل اور چیلنجنگ سال تھا۔ ملکی حالات دہشتگردی کے خلاف جنگ، سیاسی عدم استحکام اور کمزور لاء اینڈ آرڈر کی صورت حال سے بری طرح متاثر رہے۔ پاکستان میں ٹیکسٹائل کی صنعت کی پیداواری لاگت خپلے کے دوسرے ملکوں جیسے بنگلہ دیش بھارت اور چین کے مقابلے میں دس فیصد زیادہ ہے جبکہ صوبہ پنجاب میں پیداواری لاگت صوبہ سندھ میں کام کرنے والی ٹیکسٹائل کی صنعت سے بھی کہیں زیادہ ہے۔ مزید برآں حکومت ٹیکسٹائل پالیسی میں اعلان کردہ مراعات صنعتوں کو دینے میں ناکام رہی ہے جبکہ ایف بی آر/ وزارت خزانہ نے برآمد کنندگان کے ریفرنڈم کی رقوم بھی روک رکھی ہیں۔ مالی نتائج برائے زیر مور سال مع موازنہ اعداد و شمار بابت سابقہ سال کو ذیل میں پیش کیا جاتا ہے:-

2016 رقوم	2017 رقوم	
2,154,385,182	1,698,217,424	سیلز
2,777,481,623	2,328,104,119	تخمینہ سیلز
(623,096,441)	(629,886,695)	کل نقصان
(11,265,326)	(14,787,562)	دیگر (نقصان) / آمدن
(634,361,767)	(644,674,257)	
18,310,803	19,888,594	خرید و فروخت اور تقسیم کیے اخراجات
706,427,594	656,744,223	انتظامی اخراجات
155,260,377	146,852,635	مالی تخمینہ
879,998,774	823,485,452	
(1,514,360,541)	(1,468,159,709)	محصول لگانے سے پہلے کا نقصان
11,537,056	17,395,713	محصول
(1,525,897,597)	(1,485,555,422)	خالص نقصان برائے سال
(5.88)	(5.73)	فی کس حصص نقصان بنیادی اور ملاوٹ شدہ

مالی سال 30 جون 2017 کے دوران کمپنی کی کل فروخت مبلغ 1,698.217 ملین روپے کی مد میں کل نقصان رقم مبلغ 629.886 ملین روپے ہوا جبکہ پچھلے سال کی کل فروخت مبلغ 2,154.385 ملین روپے اور کل نقصان مبلغ 623.096 ملین روپے ہوا تھا۔ 30 جون 2017 کے مالی سال کے دوران کمپنی کو بعد از ٹیکس ادا کیے گی مبلغ 1,485.555 ملین روپے کا خالص نقصان ہوا جبکہ پچھلے سال بعد از ٹیکس ادا کیے گی مبلغ 1,525.897 ملین روپے کا خالص نقصان ہوا تھا۔ کل نقصان کی بنیادی وجہ مجموعی پیداواری لاگت میں اضافہ

منفی اقتصادی پہلوؤں اور بینکوں کی جانب سے درکار شدہ مالی معاونت کی عدم دستیابی کی وجہ سے مینوفیکچرنگ سہولیات کا کم استعمال ہے اور انہیں وجوہات کی بنا پر کمپنی کے ایکسپوٹ کاروبار کی مالی ضروریات پوری نہ ہو سکیں۔ مزید برآں خطے میں درآمدی RLNG کی قیمت میں اضافہ اور اسکے ساتھ بجلی کی قیمت میں اضافہ کی وجہ سے درآمدی مصنوعات کی پیداواری لاگت میں اضافہ ہوا ہے۔ توانائی کی لاگت میں بہت زیادہ اضافہ، مالی بحران، سرمائے کی قلت، مینوفیکچرنگ سہولیات کا کم استعمال اور برآمدات میں کمی کی وجوہات کی بنا پر کمپنی کو بعد از ادائیگی ٹیکس مبلغ 1,485.555 ملین روپے کے خسارے کا سامنا کرنا پڑا۔

آڈیٹر کے مشاہدات:

آپ کی کمپنی کے آڈیٹر حضرات کی جانب سے رائے دی گئی ہے کہ ماضی میں کی گئی فروخت کی زائد المعیاد رقوم کی وصولی یقینی نہیں اور تمام زائد المعیاد رقوم اخراجات میں شمار کرتے ہوئے تخمینہ مختص کیا جانا چاہیے۔ کمپنی نے درآمدی گاہوں سے قابل وصول زائد المعیاد رقوم کا کچھ حصہ تخمینہ اخراجات کے لیے مختص کیا ہے اور کمپنی کی جانب سے ماضی میں فروخت کی رقوم کی وصولیوں کو حاصل کرنے کی کوشش کی جا رہی ہے۔

آڈیٹر حضرات کی رپورٹ میں "کاروبار کے چلنے" کے متعلق آپ کی کمپنی کے ڈائریکٹر حضرات وضاحت بیان کر رہے ہیں کہ موجودہ ٹیکسٹائل مارکیٹ کی منفی صورت حال کی وجہ سے کمپنی کو رقوم/سرمائے کی سخت قلت کی سامنا ہے اور ان حالات میں کمپنی اس قابل نہیں کہ وہ اپنی موجودہ قرض کی ذمہ داری سے احسن طریقہ سے بری ہو سکے۔ کمپنی کے منتظمین کی جانب سے کاروبار کی عمل کو جاری رکھنے کے لیے منصوبہ بندی کی گئی ہے اور پہلے بیان کیے گئے مسائل کے حل کیلئے کمپنی کے شیئر ہولڈرز نے 29 اگست 2017 کو ہونے والے غیر معمولی اجلاس عام میں منظوری دی گئی ہے کہ بینکوں کے پاس رہن شدہ کمپنی کی کچھ جائیداد اور مشینری کو فروخت کر کے حاصل ہونے والی رقوم ان بینکوں کے قرضوں میں ایڈجسٹ کیا جائے تاکہ ان بینکوں کی طرف سے کیے گئے مقدمات کو سہل کیا جاسکے۔ مزید برآں نقصانات کو کم کرنے کے لیے ممبران کی جانب سے منظوری دی گئی ہے کہ کمپنی کے پروسیدنگ یونٹ کی لینڈ اور بلڈنگ کو لیز/کرایہ پر دے کر آمدنی حاصل کی جائے۔ کمپنی کے منتظمین کی جانب سے بینکوں کے قرضوں کی از سر نو ترتیب کے لیے مالی اداروں سے یہ استدعا پہلے ہی کی جا چکی ہے۔ کچھ بینکوں نے قرضوں کی از سر نو ترتیب کے لیے رضامندی دے دی ہے جبکہ دوسرے بینکوں کے ساتھ گفت و شنید جاری ہے۔ موجودہ صورت حال کے پیش نظر کمپنی کا اپنے کاروبار کو جاری رکھنا اثاثہ جات سے فائدہ اٹھانا اور اپنی ذمہ داریوں کو احسن طریقہ سے پورا کرنا ابہام کا شکار نظر آتا ہے لیکن اوپر بیان کیے گئے اقدامات کے پیش نظر کمپنی کے منتظمین پر اعتماد ہیں کہ وہ اپنی کاوشوں میں کامیابی سے سر و خرو ہو سکیں گے اور کمپنی اس قابل ہو جائیگی کہ وہ اپنے کاروبار کو جاری رکھ سکے۔

کچھ بینکوں/مالی ادارہ کی جانب سے سے کمپنی سے اپنی سرمایہ کاری رقم اور مارک اپ کی رقم کو وصول کرنے کے لیے مجاز عدالتوں میں دعویٰ دائر کیا گیا ہے لہذا کمپنی ایسے بینکوں کی واجب الادا قرض اور سرمایہ کاری کی رقم کی بابت مالی لاگت کو اکاؤنٹس میں نہیں لے رہی اور اس رقم کی وضاحت کھاتہ جات کے نوٹس میں بیان کی گئی ہے۔ قانونی رائے پر انحصار کرتے ہوئے کمپنی کی جانب سے اس بات کو محسوس کیا گیا ہے کہ دعویٰ کے دائرہ ہونے کے بعد، بینک/مالی ادارہ کو صرف کمپنی سے فنڈ کی لاگت کی رقم کا استحقاق حاصل ہے اگر عدالت کی جانب سے دعویٰ کی نسبت بینک کو کمپنی کے خلاف فیصلہ مل جائے۔ اسلیئے عدالتی فیصلوں کے التوا اور سٹیٹ بینک آف پاکستان کی جانب سے لاگت فنڈ کی فیصد متعین ہونے تک ایسے بینکوں کی واجب الادا قرض کی مالی لاگت کا تخمینہ نہیں لگایا جاسکتا۔

لیز آف لینڈ اینڈ بلڈنگ

جیسا کہ کمپنی کی فنانشل سٹیٹمنٹ کے نوٹ 39 میں بیان کیا گیا ہے کہ بورڈ آف ڈائریکٹرز نے ستمبر 14، 2017 کو ہونے والی میٹنگ میں

کمپنی کے پروسیڈنگ یونٹ کی لینڈ اور بلڈنگ کو تینتیس سال کے لیے لیز پر لینے کی میسرز ابواء لچ و بلچ پرائیویٹ لمیٹڈ کی درخواست کی منظوری دی ہے۔ معاہدہ کے مطابق سالانہ کرایہ 20,160,000 روپے ہوگا اور ہر تین سال بعد پندرہ فیصد بڑھایا جاسکے گا۔ اس سے پہلے 5 ستمبر 2017 کو ہونے والی بورڈ میٹنگ میں چیف ایگزیکٹو مسٹر خرم افتخار نے بورڈ کو بتایا کہ کمپنیز ایکٹ 2017 کی شق 205 کے تحت مذکورہ ایگریمنٹ میں انکوائری شامل ہے اور انکا ایک میٹا میسرز ابواء لچ و بلچ پرائیویٹ لمیٹڈ میں ڈائریکٹر ہے اور انہوں نے اس میٹنگ میں کمپنیز ایکٹ 2017 کی شق 205 سبقت 3 کے تحت جنرل نوٹس بھی دیا جس میں مذکورہ حقیقت کو بیان کیا گیا تھا۔ لہذا کمپنیز ایکٹ 2017 کی شق 205 کے تحت مسٹر خرم افتخار نے ستمبر 14, 2017 کو ہونے والی میٹنگ میں شرکت نہیں کی۔ آپریشنل لاگت کو کم کرنے اور آمدنی حاصل کرنے کے لیے بورڈ نے لیز ایگریمنٹ کی منظوری دی ہے۔

مارکیٹ کا جائزہ اور مستقبل کے امکانات :

پیداواری لاگت میں اضافے اور گلوبل ٹیکسٹائل مارکیٹ کے مقابلے میں قیمتیں کم ہونے کی وجہ سے پاکستان میں ٹیکسٹائل کی صنعت میں پچھلے کچھ سالوں میں کوئی ایکسپینشن نہیں ہوئی۔ فنانشل پارٹنرز بھی ٹیکسٹائل کی صنعت کی معاونت کے سلسلہ میں ہچکچاہٹ کا شکار ہیں اور ٹیکسٹائل پالیسی کے اثرات سے بھی کوئی فائدہ نہیں اٹھایا جا رہا۔ باوجودیکہ حکومت نے میجر ٹیکسٹائل ان پٹس پر سبزی ٹیکس زرو کر دیا ہے جو برآمد کنندگان کے مجموعی ریفرنڈز کو کم کرنے میں مدد دے گا۔ بجلی اور گیس کی ترسیل میں بہتری آئی ہے اگرچہ ابھی تک خطے میں قیمت سب سے زیادہ ہے۔ ملک میں لاء اینڈ آرڈر کی صورت حال میں بتدریج بہتری آرہی ہے۔ مینجمنٹ سخت محنت کر رہی ہے اور پر اعتماد ہے کہ صوبہ پنجاب میں گیس کی قیمتوں کا فرق دوسرے صوبوں کے مقابلے میں ختم ہونے سے پیداواری لاگت میں کمی آئے گی اور پیداوار اور آپریشنل نتائج میں بہتری آئے گی۔ تاہم ٹیکسٹائل کی صنعت کا مستقبل حکومت کی اعلان کردہ مراعات کی اصل میں وصولی برآمد کنندگان کو ریفرنڈز کی ادائیگی اور بینکوں کی جانب سے مالی معاونت سے ہی ممکن ہے۔

تقسیم منافع

موجودہ سال کے منفی نتائج کی روشنی میں، کمپنی کے رقم کا بہاؤ اس رقم کی تقسیم کرنے کی اجازت نہیں دیتا، لہذا ڈائریکٹر حضرات کی جانب سے اس سال میں کسی بھی رقم کی تقسیم کی سفارش نہیں کی گئی۔

آڈیٹرز (ماہر حساب) :

موجودہ آڈیٹرز میسرز زاہد جمیل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ اور اہل تقرری نے کمپنی میں دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹر حضرات کی جانب سے آڈٹ کمیٹی کو میسرز زاہد جمیل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بطور آڈیٹر مالی سال اختتام 30 جون 2018 کے لیے دوبارہ تقرری کے لیے تجویز کیا ہے۔

حصص رکھنے والے شراکت داروں کا پیٹرن :

کمپنی کے حصص رکھنے والے شراکت داروں کا پیٹرن معہ درجہ بندی حصص بابت 30 جون 2017 کو اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

بورڈ کی جانب سے منعقد کی گئی میٹنگ کا شمار :

30 جون 2017 کے عرصہ کے دوران بورڈ آف ڈائریکٹرز کے اجلاس منعقد کیے گئے جن میں مندرجہ ذیل ڈائریکٹر حضرات نے شرکت کی :-

نام	عہدہ	میٹنگ میں شرکت کرنے کی حاضریاں۔
خرم افشار	چیف ایگزیکٹو آفیسر	6
شہزاد افشار	ڈائریکٹر	7
ندیم افشار	ڈائریکٹر	8
سہیل مقصود احمد	ڈائریکٹر	7
محمد احسن	ڈائریکٹر	6
گل محمد ناز	ڈائریکٹر	6
عثمان غنی	ڈائریکٹر	5

آڈٹ کمیٹی:

آڈٹ کمیٹی کمپنی میں موجود ہے اور مندرجہ ذیل ممبران پر مشتمل ہے اور یہ کوڈ آف کارپوریٹ گورننس کے عین مطابق ہے:-

سہیل مقصود احمد	چیئر مین (آزاد ڈائریکٹر)
محمد احسن	ممبر (نان ایگزیکٹو ڈائریکٹر)
عثمان غنی	ممبر (نان ایگزیکٹو ڈائریکٹر)

کوڈ آف کارپوریٹ گورننس کے تحت ادارہ کے سہاہی حساب کتاب، سالانہ حساب کتاب اور دیگر متعلقہ معاملات برائے 30 جون 2017 کا جائزہ لینے کے لیے آڈٹ کمیٹی کے اجلاس منعقد کیے گئے۔ نیز چیف فنانس آفیسر، ہیڈ آف انٹرنل آڈٹ اور ایکسٹرنل آڈیٹرز نے بھی اپنی ضرورت کے مطابق میٹنگ ہائے میں شرکت کی۔

ہیومن ریسورس اور معاوضہ کمیٹی:

سال کے دوران ہیومن ریسورس اور معاوضہ کمیٹی کی دو میٹنگز منعقد ہوئیں۔ جن میں مندرجہ ذیل ڈائریکٹر حضرات نے شرکت کی:

نام	عہدہ	میٹنگ میں شرکت کرنے کی حاضریاں۔
محمد احسن	چیئر مین	2
سہیل مقصود احمد	ممبر	2
شہزاد افشار	ممبر	2

کارپوریٹ گورننس:

بجا آوری رپورٹ معہ عہدہ مشق بابت کوڈ آف کارپوریٹ گورننس کو منسلک کیا گیا ہے۔

ادارہ اور مالی امور کے متعلق ترتیب دیا گیا ڈھانچہ:

کوڈ آف کارپوریٹ گورننس کی بجا آوری کرتے ہوئے مالی رپورٹ اور کارپوریٹ کے متعلق ترتیب دیئے گئے ڈھانچہ کو ذیل میں تحریر کیا جاتا ہے:-

- 1- مالی گوشوارہ حساب کتاب اور اسکے نوٹس کو کمپنی کے منتظمین کی جانب سے تیار کیا گیا ہے اور موجودہ حساب کتاب کے معاملات میں گوشوارہ حساب کتاب کیش فلو اور رپورٹ آف چھنجران ایکویٹی میں شفافیت اور غیر جانبداری کے اصول اپنا گئے ہیں۔
- 2- کمپنی کی اکاؤنٹس بکس بہتر انداز میں تیار کی جا رہی ہیں۔

- 3- کمپنی کیا کاؤٹنگ پالیسیز کو ایک تسلسل کے ساتھ اس گوشوارہ حساب کتاب کو بنانے میں استعمال کیا گیا ہے۔
- 4- بین الاقوامی اکاؤٹنگ اور مالی رپورٹنگ سٹینڈرڈز، جیسا کہ اس کا اطلاق پاکستان میں ہے، کو کمپنی کے مالی گوشوارہ حساب کتاب کی تیاری کے بابت ملحوظ خاطر رکھا گیا ہے اور ان سے کسی قسم کا انحراف نہیں کیا گیا۔
- 5- ادارہ کی جانب سے وضع کردہ انٹرنل کنٹرول سسٹم اچھی حالت میں ترتیب دیا گیا ہے اس سسٹم پر عملدرآمد کے بارے میں مناسب چانچ پڑتال کی گئی ہے۔
- 6- عمدہ مشق بابت کوڈ آف کارپوریٹ گورننس کو یقینی بنایا گیا ہے جیسا کہ سٹاک ایکسچینج کے لسٹنگ ریگولیشن میں درج ہے اور ان سے کسی قسم کا کوئی انحراف نہیں کیا گیا۔
- 7- کمپنی کے کاروباری حالات کے مستقبل کو الگ سے بیان کیا گیا ہے۔
- 8- کمپنی کی جانب سے حفاظتی قواعد و ضوابط پر سختی سے عمل کیا گیا ہے۔ پالیسیوں کی بجا آوری ایک دوستانہ ماحول میں کی گئی ہے۔
- 9- چھ سال کی مالی کارکردگی کو اجاگر کیا گیا ہے اور بابت رپورٹ منسلک کی گئی ہے۔
- 10- ٹیکسز اور لیویز سے متعلق انفارمیشن کو نوٹس ٹودی اکاؤنٹس میں بیان کیا گیا ہے۔

توثیقی بیان :

آپ کی کمپنی کے ڈائریکٹر صاحبان کی جانب سے بینکوں، مالی اداروں، شراکت داروں اور ریگولیٹرز کی معاونت قابل تحسین ہے اور مستقبل میں بھی ایسی ہی امید وابستہ کی جاتی ہے۔

نیز آپ کے کمپنی کے ڈائریکٹر صاحبان کی جانب سے کمپنی ہذا کے سٹاف اور ورکرز کا پختہ عزم، محنت اور مستقل مزاجی قابل تحسین ہے۔

خرم افتخار
چیف ایگزیکٹو

فیصل آباد

بتاریخ: 4 اکتوبر 2017

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in listing regulations of the Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with best practices for good Corporate Governance.

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

1. The Company encourages the representation of independent non-executive directors and directors representing minority interests on its Board. The Board includes:-

Category	Names
Independent Director	Suhail Maqsood Ahmed
Executive Directors	Khurram Iftikhar Shahzad Iftikhar
Non Executive Directors	Usman Ghani Muhammad Ahsan Nadeem Iftikhar Gul Muhammad Naz

The independent director meets the criteria of independence under clause 5.19.1(b) of the Code of Corporate Governance.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed Companies, including this Company.
3. All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs or being member of stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year, no causal vacancy occurred in the Board of Directors.
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 formulated 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 CEO and other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least 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 directors are conversant with their duties and responsibilities under the relevant laws and regulations. They have not attended any orientation course during the year.
10. The Company Secretary, CFO were appointed prior to the implementation of the Code of Corporate Governance. The Board has approved the appointment of Head of Internal Audit as recommended by Chief Executive Officer.
11. The Directors' report for current year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. All financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board. The half yearly and annual accounts were also initialed by the external auditors before presentation to 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.
15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and the chairman of 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. The terms of reference of the Committee have been defined and communicated 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.
 18. The Board has set-up an internal audit function managed by suitably qualified and experienced personnel conversant with the policies and procedures of the Company and are involved in the internal audit function on full time basis.
 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 Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
 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 the company’s securities, was determined and intimated to directors, employees and stock exchange.
 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 contained in the Code have been complied with except for the following toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.
- Company is planning to arrange training program for their directors as provided by the code.

On behalf of the Board

Khurram Iftikhar
Chief executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2017 prepared by the Board of Directors of **AMTEX LIMITED** (the company) to comply with the listing regulation No. 35 of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility of 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 Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (x) of Listing Regulations 35 notified by the Pakistan Stock Exchange Limited require the Company to place before the board of directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before 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, except for the matter mentioned in paragraph "a" below 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 of Corporate Governance for the year ended June 30, 2017.

- a) None of the directors' has obtained a certification under any directors' training program offered by institutions-local or foreign-that meet the criteria specified by the SECP.

We have also expressed an adverse opinion in our audit report to the financial statements for the year ended June 30, 2017.

FAISALABAD:
Date: October 04, 2017

Zahid Jamil & Co.
CHARTERED ACCOUNTANTS
(Engagement Partner: Suleman Zahid Jamil)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **AMTEX LIMITED** as at **JUNE 30, 2017**, 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, except for the effects of the matters referred to in paragraphs (a) to (c) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes 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.

Except for the effects, if any, of the matters referred to in paragraphs (a) to (c) below, 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 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 verification, we report that-

- a) the Company has incurred gross loss of Rs. 629.887 million (2016: Rs. 623.096 million), net loss of Rs. 1,485.555 million (2016: Rs. 1,525.898 million) during the year ended June 30, 2017 and as at that date, its accumulated loss is Rs. 9,074.982 million (2016: Rs. 7,758.481 million) and company's current liabilities exceeded its current assets by Rs. 6,116.418 million (2016: Rs. 4,775.091 million). The company is facing operational and financial problems. Moreover, the company is defendant / petitioner in various law suits as mentioned in note 14 to the financial statements and due to pending litigations certain long and short term liabilities remained unconfirmed / unreconciled in the absence of balance confirmations from related banks and financial institutions as mentioned in note 7.1.3, 8 and 12.6 to the financial statements. Moreover, during the year company's spinning unit's operations remained closed for 8 months and the Company has accorded approval from members in extra ordinary general meeting held on August 29, 2017 for sale of Weaving Division that includes its land, building, plant and machinery and all equipments installed therein, sale of plant and machinery of Processing Unit, , land and building of godown situated at Sargodha road, Faisalabad and land situated at Gatwala, Sheikhpura road, Faisalabad and to lease land and Building of processing division as mentioned in note 39 to the financial statements. Further, there is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the company's current situation. These factors, along with matters mentioned in paragraph (b) and (c) below, indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements, however, do not disclose this fact and any adjustment to that effect;
- b) trade debts amounting to Rs. 7,085.698 million (2016: Rs. 7,109.239 million) remained unconfirmed / unreconciled in the absence of balance confirmations and relevant record. Past due foreign debtors amounting to Rs. 7,055.093 million (2016: Rs. 7,069.614 million) are impaired, the company has made the

provision amounting to Rs. 4,517.511 million (2016: Rs. 3,933.360 million) against these past due balances, whereas in our opinion these should be fully provided. Had this provision been made, the loss for the year and accumulated loss would have been increased and foreign debtors would have been decreased by Rs. 2,537.583 million (2016: Rs. 3,136.253 million).

- c) mark up expense has not been fully charged in these financial statements on redeemable capital and on long and short term financing due to pending litigations with various banks. Had the mark up been fully charged, net loss for the year would have been increased by Rs 709.883 million (2016: Rs. 668.464 million), mark up payable and accumulated loss would have been increased by Rs.3,194.515 million (2016: Rs. 2,484.632 million);
- d) in our opinion proper books of accounts, except for any effects of the matters mentioned in paragraphs (a) to (c) above, have been kept by the Company as required by the Companies Ordinance, 1984;
- e) in our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) to (c) above-
 - i) 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 account 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;
- f) in our opinion and to the best of our information and according to the explanations given to us, because of significance of the matters discussed in paragraphs (a) to (c) above, 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, its comprehensive loss, cash flows and changes in equity for the year then ended; and
- g) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980- (XVIII of 1980).

FAISALABAD:
Date: OCTOBER 04, 2017

Zahid Jamil & Co.
CHARTERED ACCOUNTANTS
(Engagement Partner: Suleman Zahid Jamil)

BALANCE SHEET

as at June 30, 2017

	Note	2017 Rupees	2016 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 260,000,000 (2016: 260,000,000) ordinary shares of Rs.10/- each		2,600,000,000	2,600,000,000
Issued, subscribed and paid up capital	3	2,594,301,340	2,594,301,340
Reserves	4	(8,543,942,493)	(7,227,441,423)
		(5,949,641,153)	(4,633,140,083)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	1,127,310,252	1,637,742,714
NON-CURRENT LIABILITIES			
Redeemable capital	6	-	-
Long term financing	7	1,260,060,000	1,580,939,617
Liabilities against assets subject to finance lease	8		
Deferred liabilities	9	890,935,347	780,316,203
		2,150,995,347	2,361,255,820
CURRENT LIABILITIES			
Trade and other payables	10	371,641,366	385,792,130
Interest / markup payable	11	2,603,546,609	2,599,616,255
Short term borrowings	12	7,494,863,069	7,371,076,295
Current portion of non current liabilities	13	884,052,308	739,812,129
		11,354,103,352	11,096,296,809
Contingencies and commitments	14	-	-
		8,682,767,798	10,462,155,260

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

Khurram Iftikhar
Chief Executive Officer

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	3,388,060,909	4,078,928,051
Long term deposits	16	57,021,425	62,021,425
		3,445,082,334	4,140,949,476
CURRENT ASSETS			
Stores, spares and loose tools	17	619,000,181	664,545,130
Stock in trade	18	1,301,252,322	1,797,415,644
Trade debts	19	2,797,094,654	3,357,835,924
Loans and advances	20	5,256,261	21,333,830
Deposits and prepayments	21	8,737,038	9,998,782
Other receivables	22	95,332,845	94,798,690
Tax refunds due from the Government	23	219,158,324	229,188,251
Cash and bank balances	24	191,853,839	146,089,533
		5,237,685,464	6,321,205,784
		<u>8,682,767,798</u>	<u>10,462,155,260</u>

Shahzad Iftikhar
Director

PROFIT AND LOSS ACCOUNT
for the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
Sales	25	1,698,217,424	2,154,385,182
Cost of sales	26	2,328,104,119	2,777,481,623
Gross loss		(629,886,695)	(623,096,441)
Other loss	27	(14,787,562)	(11,265,326)
		(644,674,257)	(634,361,767)
Selling and distribution expenses	28	19,888,594	18,310,803
Administrative expenses	29	656,744,223	706,427,594
Finance cost	30	146,852,635	155,260,377
		823,485,452	879,998,774
Loss before taxation		(1,468,159,709)	(1,514,360,541)
Provision for taxation	31	17,395,713	11,537,056
Net loss for the year		(1,485,555,422)	(1,525,897,597)
Loss per share - Basic and diluted	32	(5.73)	(5.88)

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

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

STATEMENT OF COMPREHENSIVE INCOME
for the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
Net loss for the year		(1,485,555,422)	(1,525,897,597)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss:			
Surplus realized on disposal of assets during the year	5	88,994,006	-
Incremental depreciation on revalued assets for the year	5	83,263,471	92,366,351
Remeasurement of defined benefit liability	9.1.3	(3,203,125)	(2,156,620)
		169,054,352	90,209,731
Total comprehensive loss for the year		<u>(1,316,501,070)</u>	<u>(1,435,687,866)</u>

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

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

**CASH FLOW STATEMENT
for the year ended June 30, 2017**

	2017 Rupees	2016 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,468,159,709)	(1,514,360,541)
Adjustments for:		
Depreciation of property, plant and equipment	254,331,116	277,002,135
Provision for staff retirement gratuity	12,885,577	12,742,001
Provision for doubtful debts	584,150,415	610,514,788
Markup waived off / less claimed by banks	-	(726,893)
Write down of inventories to net realisable value	208,714,000	274,028,040
Gain on disposal of property, plant and equipment	22,663,763	(1,246,768)
Finance cost	146,852,635	155,260,377
Operating cash flows before working capital changes	(238,562,203)	(186,786,861)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	45,544,949	33,567,296
Stock in trade	287,449,322	133,217,579
Trade debts	(23,409,145)	58,052,853
Loans and advances	16,077,569	20,053,703
Deposits and prepayments	1,261,744	(2,406,608)
Other receivables	(534,155)	6,747,567
Tax refunds due from the Government	11,588,703	46,789,141
Increase / (decrease) in current liabilities		
Trade and other payables	(14,150,764)	(1,446,642)
	323,828,223	294,574,889
Cash generated from operations	85,266,020	107,788,028
Income tax paid	(18,954,489)	(30,715,671)
Finance cost paid	(41,243,539)	(157,663,095)
Staff retirement gratuity paid	(7,148,300)	(12,132,411)
Net cash generated from / (used in) operating activities	17,919,692	(92,723,149)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(2,844,723)	(18,897,259)
Proceeds from disposal of property, plant and equipment	78,542,001	3,245,000
Additions in capital work in progress	-	(4,518,232)
Long term deposits	5,000,000	(6,678,557)
Net cash generated from / (used in) investing activities	80,697,278	(26,849,048)

	2017 Rupees	2016 Rupees
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(174,439,438)	65,071,736
Liabilities against assets subject to finance lease	(2,200,000)	(7,700,000)
Short term borrowings - net	123,786,774	35,881,696
Net cash (used in) / generated from financing activities	<u>(52,852,664)</u>	<u>93,253,432</u>
Net increase / (decrease) in cash and cash equivalents (a+b+c)	45,764,306	(26,318,765)
Cash and cash equivalents at the beginning of the year	146,089,533	172,408,298
Cash and cash equivalents at the end of the year	<u><u>191,853,839</u></u>	<u><u>146,089,533</u></u>

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

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

**STATEMENT OF CHANGES IN EQUITY
for the year ended June 30, 2017**

	Issued, subscribed and paid up capital	Capital reserves			Revenue reserves			Total
		Merger reserve	Share premium	Sub total	General reserve	Accumulated loss	Sub total	
-----Rupees-----								
Balances as at July 01, 2015	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(6,322,792,887)	(6,072,792,887)	(3,197,452,217)
Loss for the year	-	-	-	-	-	(1,525,897,597)	(1,525,897,597)	(1,525,897,597)
Other comprehensive income for the year	-	-	-	-	-	90,209,731	90,209,731	90,209,731
Total comprehensive loss for the year	-	-	-	-	-	(1,435,687,866)	(1,435,687,866)	(1,435,687,866)
Balances as at June 30, 2016	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(7,758,480,753)	(7,508,480,753)	(4,633,140,083)
Loss for the year	-	-	-	-	-	(1,485,555,422)	(1,485,555,422)	(1,485,555,422)
Other comprehensive income for the year	-	-	-	-	-	169,054,352	169,054,352	169,054,352
Total comprehensive loss for the year	-	-	-	-	-	(1,316,501,070)	(1,316,501,070)	(1,316,501,070)
Balances as at June 30, 2017	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(9,074,981,823)	(8,824,981,823)	(5,949,641,153)

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

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2017

1. STATUS AND ACTIVITIES

- 1.1** Amtex Limited (the Company) is a public limited company incorporated in Punjab, Pakistan under the Companies Ordinance, 1984 and listed on Pakistan Stock Exchange limited (formerly Karachi Stock Exchange Limited) in Pakistan. The registered office of the Company is situated at P-225, Tikka Gali No. 2, Montgomery Bazar, Faisalabad. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. The Company is also engaged in the business of manufacturing and sale of yarn and fabrics on its own & conversion basis. The cloth processing unit and stitching units are located at 1 KM Jaranwala Road, Khurrianwala, District Faisalabad and spinning unit is located at 30 KM Sheikhpura Road, Khurrianwala, District Faisalabad, in the province of Punjab.
- 1.2** Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Amtex Spinning Limited were merged with the assets, liabilities and reserves of the Company with effect from April 01, 2003.
- 1.3** The Company has incurred loss before taxation of Rs.1,468,159,709 /- and its sales have also been significantly decreased during the year as compared to previous corresponding year. The drop in the production and sale is due to under-utilization of production capacity because of lack of profitable local and export sale orders due to higher operating cost of textile industry in Pakistan and lack of financial support from banks and Government. The operating cost is mainly higher due to supply of imported RLNG supplied to textile industry in Punjab, Pakistan. Due to unfavorable textile market conditions, the Company is facing tight cash flow situation and has not been able to comply with the terms of certain loan agreements. The Company is in litigation with Sukuk unit holders and certain other banks / financial institutions have also filed suit against the company for recovery of their outstanding debts.

Plans have been made to continue the Company as a going concern and in order to mitigate aforementioned factors members of the Company has accorded approval, in an Extra Ordinary General Meeting, to sale certain properties and machinery(Refer Note.39), mortgaged with banks, the entire such sale proceeds will be paid to relevant charge holder banks to reduce the debt burden and settle the litigation with these banks and further to stem the ongoing losses members has approved to lease out the land and buildings of Processing Division of Company and generate revenue from lease rent. Further, the management is working hard, hopeful that with the improvement of textile market along with removal of gas price differential in the Punjab Province bringing the gas price down up to the price in other provinces will reduce the operating cost and the production and operating results will improve. The management of the Company has already taken steps for extension and restructuring of loans. The major bankers of the Company have agreed to restructure the facilities (Refer Note 7.1.2) and negotiations with other banks are in process. There is material uncertainty related to events or conditions 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. The management is confident that it will be successful in its efforts and hence the Company will be able to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP), companies, the financial year of which closes on or before June 30, 2017, shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984, and the requirements of the Companies Ordinance, 1984 and the directives issued by the SECP. Where the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with requirements of IFRS, the requirements of the Companies Ordinance, 1984, or the directives issued by the SECP prevail.

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

There were certain new standards and amendments to the approved accounting standards which became effective during the year ended June 30, 2017. However, these are considered not to have any significant effect on the Company's operations and financial reporting and accordingly have not been disclosed in these financial statements.

2.1.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Company

There are certain new standards and amendments to the approved accounting standards that will become effective for the Company's annual accounting periods beginning on or after July 1, 2017. However, these amendments will not have a significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further, the new standards are yet to be adopted by the SECP. In addition to the foregoing, the Companies Act, 2017 which is not effective on these financial statements, has added certain disclosure requirements which will be applicable

- 2.1.4** The financial statements have been prepared under the "historical cost convention" except: -
- certain property, plant and equipment items carried at revaluation.
 - employee retirement benefits carried at present value.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is functional currency of the Company and figures are rounded off to the nearest rupee unless otherwise specified.

2.3 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Asset held under finance lease is recognised as asset of the Company at its fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liability against asset subject to finance lease. The liability is classified as current and non current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liability against asset subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.4 Staff retirement benefits

The Company operates a defined benefit plan unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All remeasurement adjustments are recognized in other comprehensive income as they occur.

The amount recognized in the balance sheet represents the present value of defined benefit obligation as adjusted for remeasurement adjustments.

2.5 Trade and other payables

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

2.6 Provisions

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

2.7 Provision for taxation

Current

Provision for current taxation is based on income taxable at the current tax rates after taking into account tax rebates and tax credits available under the law.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

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

Deferred tax charged or credited in the income statement, except in case of items credited or charged to equity in which case it is included in equity.

2.8 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

2.9 Property, plant and equipment

Owned

Property, plant and equipment except freehold land and capital work in progress are stated at cost / revaluation less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount less accumulated impairment in value, if any. Capital work-in-progress is stated at cost less accumulated impairment in value, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in the property, plant and equipment note. Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition or capitalisation and up to the month preceding the month of disposal respectively.

When parts of an item of property, plant and equipment have different useful lives, they are recognised as separate items of property, plant and equipment.

Normal repairs and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of property, plant and equipment are included in current income.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognised in income. Deficit on revaluation of an item of property, plant and equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. On subsequent sale or retirement of revalued item of property, plant and equipment, the attributable balance of surplus is transferred to unappropriated profit through statement of comprehensive income. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit through statement of comprehensive income.

Assets subject to finance lease

In view of certainty of ownership of the assets at the end of the lease period, assets subject to finance lease are stated at cost less accumulated depreciation. These assets are depreciated over their expected useful lives on the same basis as owned assets. Moreover, the treatment of revaluation is same as in the case of owned assets.

2.10 Intangible asset

Intangible asset is stated at cost less accumulated amortization and impairment in value, if any. Intangible asset is amortised using the straight-line method over a period of five years.

Amortization on addition to intangible assets is charged from the month in which an asset is acquired or capitalized, while no amortization is charged for the month in which that asset is disposed off.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit and loss account in the period in which these are incurred.

2.12 Impairment

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.13 Stores, spares and loose tools

These are valued at moving average cost less allowances for obsolete or slow moving items, if any. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

2.14 Stock in trade

Stock in trade except waste are valued at lower of cost and net realisable value. Cost is determined as follows:

Raw material	Weighted average cost except items in transit which are valued at cost accumulated upto the balance sheet date
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost

Wastes are valued at net realisable value.

Net realizable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost to make the sales. Average manufacturing cost consists of direct materials, labor and a proportion of manufacturing overheads.

2.15 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

2.16 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, balances with banks, books overdrawn, highly liquid short term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

2.17 Non-current assets held for sale

Non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current asset (or disposal group) classified as held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell.

Non-current asset (or disposal group) classified as held for sale that no longer meet the criteria of classification as held for sale is transferred to non-current assets at the lower of:

- Its carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognised had the assets not been classified as held for sale, and
- Its recoverable amount at the date of the subsequent decision not to sell.

Gains and losses on disposal of Non-current asset (or disposal group) held for sale are included in current income.

2.18 Foreign currency translation

Transactions in currencies other than Pak Rupee are recorded at the rates of exchange prevailing on the dates of transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Exchange differences are included in current income. All non-monetary items are translated into Pak Rupee at exchange rates prevailing on the dates of transactions.

2.19 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the 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.

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.20 Offsetting of financial asset and financial liability

A financial asset and a financial liability is off-set and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales of goods are recognised when goods are delivered and title has passed. Revenue from services is recognised when the services are rendered.

2.22 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

2.23 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IASs / IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, capitalization of borrowing cost, provision for doubtful receivables and slow moving inventory and staff retirement gratuity. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3. Issued, subscribed and paid up capital

2017	2016		2017	2016
Number of shares		Note	Rupees	Rupees
237,444,067	237,444,067	Ordinary shares of Rs. 10/- each fully paid in cash.	2,374,440,670	2,374,440,670
4,046,067	4,046,067	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	40,460,670	40,460,670
17,940,000	17,940,000	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares.	179,400,000	179,400,000
<u>259,430,134</u>	<u>259,430,134</u>		<u>2,594,301,340</u>	<u>2,594,301,340</u>

	Note	2017 Rupees	2016 Rupees
4. Reserves			
Capital reserves			
Merger reserve		98,039,330	98,039,330
Share premium	4.1	183,000,000	183,000,000
		281,039,330	281,039,330
Revenue reserves			
General reserve	4.2	250,000,000	250,000,000
Accumulated loss		(9,074,981,823)	(7,758,480,753)
		(8,824,981,823)	(7,508,480,753)
		(8,543,942,493)	(7,227,441,423)

4.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

4.2 This reserve can be utilized by the Company for various purposes including issue of bonus shares to shareholders, payment of dividend when profits are insufficient and further to meet sudden losses due to natural calamities.

	Note	2017 Rupees	2016 Rupees
5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Opening balance	5.1	1,637,742,714	1,730,109,065
Deficit on revaluation		(338,174,985)	-
		1,299,567,729	1,730,109,065
Less:			
Transferred to Comprehensive Income for the year in respect of :			
Incremental depreciation for the year		83,263,471	92,366,351
Surplus realised on disposal of assets during the year		88,994,006	-
		172,257,477	92,366,351
		1,127,310,252	1,637,742,714

5.1 This represents surplus on revaluation of freehold land, building on freehold land, plant and machinery, electric installations, factory equipment, laboratory equipment and assets subject to finance laese. Revaluation of freehold land on market value basis and building on freehold land, plant and machinery, electric installations, factory equipment laboratory equipment and assets subject to finance laese on depreciated replacement values basis was carried out by independent valuers M/S Observers (Private) Limited as at June 03, 2004, by M/S BFA (Private) Limited as at June 30, 2009 ,by M/S Empire Enterprises (Private) Limited as at December 31, 2012 and latest revaluation was carried out by independent valuers M/S Gulf Consultants as at June 30, 2017 on depreciated replacement values basis.

	Note	2017 Rupees	2016 Rupees
6. Redeemable capital			
Secured			
Sukuk certificates	6.1	-	379,166,665
Less : Adjusted during the year		-	(379,166,665)
		-	-

6.1 These represent balance out of 130,000 sukuk certificates of Rs. 5,000/- each privately placed with a banking company.

During the musharika, the legal title to the musharika assets will remain with the Company, however, a trustee will hold the beneficial title on behalf of the investors.

In addition, these are secured against second charge on all the present and future fixed assets excluding freehold land and building on freehold land of the Company, bank guarantee of Rs. 740 million issued in favour of the trustee and by personal guarantee of two directors of the Company. Bank guarantee of Rs. 740 million is also secured. Securities are disclosed in Note 7.1.

Sukuk certificates are redeemable in twelve equal quarterly installments commenced from January 10, 2010 and ending on October 10, 2012.

The certificate holders will be entitled to rental payments for use of musharika assets. Rental payments shall be calculated to provide return equal to the base rate plus incremental rental plus service agency charges incurred by the trustee during the previous quarter.

Base rate is defined as three months KIBOR and incremental rental is defined as margin of 2% per annum.

The effective yield rate of rental is Nil (2016: 8.35% to 9.01% per annum).

6.2 The Company has filed suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 against the sukuk unit holders in the Honorable Lahore High Court, Lahore and prayed for declaration of undertaking to purchase the sukuk units at a pre-agreed price as void, unlawful and satisfaction of obligations against the existing amounts paid. The Company has also sought relief of suspension of operation of the undertaking and the bank guarantee issued there under till the final decision of the suit.

As per two different interim orders of The Honorable Lahore High Court, Lahore guarantor has deposited the amount of guarantee against all overdue rentals, as claimed by the sukuk unit holders amounting Rs. 529,734,801/- (refer Note No.12.4) in an escrow account opened by the Deputy Registrar (Judicial) to secure the payments due under sukuk arrangement. The payable sukuk rentals, as claimed by the sukuk holders, have been adjusted in these financial statements against the amounts paid by the guarantor, however, due to pending litigation, sukuk unit holders have not received these payments and sukuk unit holders have not acknowledged the adjustment of sukuk rentals.

Further, in its final order The Honorable Lahore High Court, Lahore has dismissed the above referred suit, with no findings on the issue and prayer of the Company, stating that this Court lacks jurisdiction under Financial Institutions (Recovery of Finances) Ordinance, 2001 and the plaint is returned to the plaintiff (Company) to be presented to the court in which the suit should have been instituted. Being aggrieved Company has filed first appeal against this order before Division Bench of Honorable Lahore High Court, Lahore and same is pending for adjudication and in its interim order Division Bench has passed stay order that no amount will be withdrawn, paid by the guarantor, from escrow account opened by the Deputy Registrar (Judicial) up till further orders in this matter.

	Note	2017 Rupees	2016 Rupees
7. Long term financing			
Secured			
From banking companies and financial institutions	7.1		
Under mark up arrangements			
Demand finance		1,638,051,278	1,759,020,216
Term finance		150,000,000	150,000,000
Long term finances under SBP		19,176,163	19,176,163
Syndicated term finance		10,500,000	7,875,000
Morabaha finance		19,301,582	19,301,582
Morabaha finance II		104,000,000	160,095,500
Not subject to markup			
Demand finance		134,835,000	134,835,000
		2,075,864,023	2,250,303,461
Less: Current portion			
Installments due / overdue		597,903,813	394,928,822
Payable within one year		217,900,210	274,435,022
		815,804,023	669,363,844
		1,260,060,000	1,580,939,617

7.1 Terms of finances are as under;

Nature of finance	Notes	Balance Rupees	Number of installments	Payment rests	Commencement date	Ending date	Mark up rate
Under mark up arrangements:							
Demand finances							
DFI	7.1.1	1,322,451,278	38	Quarterly	30-Jun-12	30-Sep-21	5% p.a.
DFI	7.1.2	315,600,000	28	Quarterly	1-Sep-16	1-Jun-23	6% p.a.
		1,638,051,278					
Term finances							
Term finance II		120,000,000	12	Quarterly	30-Mar-10	30-Jun-13	3 Month KIBOR + 3.00% p.a with a floor of 10% p.a
Term finance I		30,000,000	17	Quarterly	30-Jun-13	30-Jun-17	8.5% p.a
		150,000,000					
Long term finances under State							
Bank of Pakistan Scheme							
II		4,243,913	12	Quarterly	27-Jan-07	27-Oct-09	SBP rate + 2.00% p.a
III	7.1.3	14,932,250	17	Quarterly	31-Mar-07	31-Mar-12	SBP rate +3.00% p.a
		19,176,163					
Syndicated term finance		10,500,000	20	Quarterly	7-Mar-04	7-Dec-10	6 Month KIBOR + 3.00% p.a with a floor of 5% p.a
Morabaha finance	7.1.3 & 7.1.4	19,301,582	30	Quarterly	19-Sep-12	19-Dec-19	6.90% p.a
Morabaha finance II	7.1.5	104,000,000	36	Quarterly	31-Dec-13	31-Dec-22	1 year kibor-3% with cap at 7 % p.a.
Not subject to mark up:							
Demand finances							
DFII	7.1.6	134,835,000	6	Quarterly	1-Sep-23	30-Dec-24	-

These are secured against specific charges on fixed assets, first charge over fixed and current assets ranking pari passu with the charges created in respect of short term borrowings (Refer Note 12), ranking charge over fixed assets and equitable and registered mortgage of properties of the Company and its associates. These are further secured against ranking charge over current assets, pledge of sponsor's 45 million shares in the Company, counter bank guarantee of Rs. 340 million and personal guarantee of all directors of the Company. Bank guarantee is secured against first charge over current assets of the Company.

The effective rate of mark up ranges from 3.36% to 10.01% per annum (2016: 3.65% to 10.05% per annum).

- 7.1.1** It represents loans transferred from short term borrowings due to restructuring agreement with a bank. Current unpaid mark up amounting to Rs.230.394 million till August 31, 2011 (refer note no 9) alongwith IRS transaction cost amounting to Rs.18.033 million would be paid by the company after complete adjustment of principal liability alongwith future mark up.

Any deviation in the restructured arrangement with regards to mark up / principal servicing would revert the facilities back to its previously approved arrangements and all types of concessions (pricing & tenor) shall be withdrawn.

- 7.1.2** The company has entered in to restructuring and rescheduling agreement with Soneri bank limited for 2nd time of existing finance facilities along with fresh facilities. The repayment schedule and mark up rate of previous outstanding DF-I have been re-negotiated and will be paid in 28 quarterly installments as mentioned below:

Installments	From	Till	Principal Recovery
04 Quarterly installments of Rs. 7.000M each	1-Sep-16	1-Jun-17	28,000,000
16 Quarterly installments of Rs. 13.125M each	1-Sep-17	1-Jun-21	210,000,000
07 Quarterly installments of Rs. 21.233M each	1-Sep-21	1-Mar-23	148,631,000
Last installments of DF-I	1-Jun-23	1-Jun-23	24,969,000

The DF-II amount will be Rs. 134.835 M i.e previous DF-II (mark up) Rs. 33.216 M and markup of Rs. 101.619M on the outstanding DF-I from 26-06-2012 till 30-06-2016. It will be paid in 06 equal quarterly installments of Rs. 22.473 M each starting from 01.09.2023 and ending on 01.12.2024. Further bank will waive off the differential markup of Rs. 73.747 M after full receipt of new DF-I, DF-II and accrued markup of DF-I.

Markup on DF-I for the period from 01-07-2016 till date of final adjustment will be deferred and kept in memorandum account and then new DF-III shall be created and paid in equal 6 equal quarterly installments starting from 01-03-2025 and ending on 01-03-2026.

- 7.1.3** Information / records were not made available by the banking companies to confirm the year end balances amounting to Rs.44.734 million out of total outstanding amount due to pending litigation.
- 7.1.4** It represents morabaha finance restructured from short term morabaha.
- 7.1.5** It represents short term export Morabaha finance restructured into long term Morabaha finance II and short term Morabaha Finance I as on December 06, 2013. Further total Mark up till date mentioned amounting to Rs. 39,032,173/- has been deferred (refer note no 9) and will be recovered on quarterly basis in 3 years after complete adjustment of long term Morabaha Finance II in 9 years. These are secured against JPP charge on Current Assets valuing Rs.750 million, ranking charge over Fixed Assets valuing Rs. 200 million with 25% margin for all lines, Title of export documents and personal guarantees of main sponsoring directors of the company.
- 7.1.6** It represents outstanding mark up on principal liabilities restructured as mentioned in note 7.1.2 above, converted in the demand finance and no mark up shall be charged on it.
- 7.2** As per terms of agreement with certain banks, the recommendation, declaration and payment of dividend is subject to prior written approval of the bank.

	Note	2017 Rupees	2016 Rupees
8. Liabilities against assets subject to finance lease			
Opening balance		70,448,285	78,148,285
Paid / adjusted during the year		(2,200,000)	(7,700,000)
		68,248,285	70,448,285
Current portion			
Installments due / overdue		(68,248,285)	(70,448,285)
Payable within one year		-	-
		(68,248,285)	(70,448,285)
		-	-

These represent plant and machinery acquired under separate lease agreements.

The purchase option is available to the Company on payment of last installment and surrender of deposit at the end of the lease period.

The principal plus financial charges are payable over the lease period in 48 monthly and 16, 24 and 16 quarterly installments. The liability represents the total minimum lease payments. Furthermore information / records were not made available by the financial institution to confirm the year end balance of the outstanding amount due to pending litigation.

The company has entered into restructuring agreement with the M/S First Punjab Modaraba in respect of ijarah facility No. 199 as on September 04, 2015, as a result of which full and final liability of Rs. 11,260,347 has been decided against outstanding principle and markup, which will be paid in 10 monthly rentals starting from August 31, 2015. The terms of arrangement provide for payment of penalty in case of delayed payments.

Reconciliation of minimum lease payments and their present value is given below:

	2017			2016		
	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	-----Rupees-----					
Due within one year	87,867,391	19,619,106	68,248,285	90,067,391	19,619,106	70,448,285
Due after one year but not later than five years	-	-	-	-	-	-
	87,867,391	19,619,106	68,248,285	90,067,391	19,619,106	70,448,285

	Note	2017 Rupees	2016 Rupees
9. Deferred liabilities			
Deferred markup on:			
Demand finance I	7.1.1	770,101,325	679,472,369
Morabaha finance	7.1.5	69,870,429	58,820,643
		839,971,754	738,293,012
Staff retirement gratuity	9.1	50,963,593	42,023,191
		890,935,347	780,316,203

9.1 Staff retirement gratuity
9.1.1 General description

The Company operates an unfunded gratuity scheme for all its employees at mills who have completed the minimum qualifying period of service as defined under the scheme. The most recent valuation was carried out as at June 30, 2017 using the "Projected Unit Credit Method".

	Note	2017 Rupees	2016 Rupees
9.1.2 Balance sheet reconciliation as at June 30,			
Present value of defined benefit obligation		50,963,593	42,023,191
9.1.3 Movement in net liability recognised			
Opening balance as at July 01,		42,023,191	39,256,981
Expenses recognised in profit and loss account	9.1.4	12,885,577	12,742,001
Paid during the year		(7,148,300)	(12,132,411)
Remeasurement loss on obligation		3,203,125	2,156,620
Closing balance as at June 30,		50,963,593	42,023,191
9.1.4 Expenses recognised in profit and loss account			
Current service cost		8,932,887	9,078,887
Interest cost		3,952,690	3,663,114
		12,885,577	12,742,001
9.1.5 Principal actuarial assumptions			
Discount factor used		7.75 % Per annum	9.5% Per annum
Expected rate of increase in salaries		6.75 % Per annum	8.5% Per annum
Expected average remaining working lives of participating employees		5 years	5 years

9.1.6 Year end sensitivity analysis of the defined benefit obligation is as follows:

	Reworked defined benefit obligation		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	100bps	46,769,627	55,636,980
Salary increase rate	100bps	53,363,770	48,652,616

Comparison of present value of defined benefit obligation is as follows:

Rupees	2017	2016	2015	2014	2013
As at June 30,					
Present value of defined benefits obligation	50,963,593	42,023,191	39,256,981	33,492,371	32,108,575
Experience adjustment on obligation	5%	3%	13%	-1%	-18%

	Note	2017 Rupees	2016 Rupees
10. Trade and other payables			
Creditors		271,749,794	273,977,617
Accrued liabilities		49,864,679	33,141,648
Advance from customers and others		44,950,736	73,506,715
Income tax withheld		4,897,149	4,176,062
Sales tax withheld		179,008	990,088
		<u>371,641,366</u>	<u>385,792,130</u>
11. Interest / markup payable			
Redeemable capital		88,882,946	88,882,946
Long term financing		106,939,191	104,270,586
Liabilities against assets subject to finance lease		19,619,106	19,619,106
Short term borrowings		2,388,105,366	2,386,843,617
		<u>2,603,546,609</u>	<u>2,599,616,255</u>
12. Short term borrowings			
Secured			
From banking companies and financial institutions			
Under mark up arrangements	12.2		
Export finances		5,426,144,687	5,379,644,687
Running finance		215,246,145	215,241,005
Morabaha finances	12.3	327,111,475	457,629,841
Cash finances		267,472,910	217,472,910
Forced demand finance	12.4	529,734,801	529,734,801
Payment against documents		299,948,051	299,948,051
Not subject to markup			
Demand finance	12.5	271,405,000	271,405,000
		<u>7,337,063,069</u>	<u>7,371,076,295</u>
Unsecured			
From others			
Not subject to mark up	12.7	157,800,000	-
		<u>7,494,863,069</u>	<u>7,371,076,295</u>

12.1 The aggregate unavailed short term borrowing facilities available to the Company is Rs.71.684m (2016: Rs. 2.371m)

12.2 Short term borrowings, excluding cash finances are secured against lien on export documents, hypothecation of current assets, first charge over current assets ranking pari passu with the charges created in respect of long term financing (Refer Note 7.1), and ranking charge over current assets of the Company. These are further secured against first charge over fixed assets ranking pari passu with the charges created in respect of long term financing (Refer Note 7.1), ranking charge over fixed assets and by personal guarantee of directors of the Company. Cash finances are secured against pledge of stocks and personal guarantee of directors / sponsor directors of the Company.

The effective rate of mark up charged during the year ranges from 3.36 % to 23.73% per annum (2016: 5.36 % to 23.725 per annum).

- 12.3** Morabaha finances include Morabaha finance I and also include morabaha facilities availed. These finances are to be repaid from export proceeds realized or from own source and are for purchase of cotton,PSF, yarn,cloth, chemical, spares and other raw material. Collateral securities are same as detailed in Note 7.1.5.
- 12.4** It represents rentals of redeemable capital paid by the guarantor (Refer Note 6.2). Securities are disclosed in Note 7.1.
- 12.5** Total amount of demand finance was Rs. 367.722 million. The securities are disclosed in Note 7.1. Rs.74.989 million was payable on June 29, 2010 as down payment, Rs. 127.876 million was payable till July 31, 2010 out of proceeds of sales tax refunds and remaining mark up balance of Rs 164.857 million was payable in 10 equal monthly installments commenced from June 30, 2010 and ending on March 31, 2011.
- 12.6** Information / records were not made available by the banking companies to confirm the year end balances amounting to Rs.1,397.435 million (2016: 1,397.435 million) out of total outstanding amount due to pending litigation.
- 12.7** This represents the amount payable to Mr. Imran Afzal under a written loan settlement agreement between Company, Mr. Imran Afzal and Albaraka Bank Pakistan Limited "The Bank".
Under the said loan settlement agreement / arrangement Mr. Imran Afzal has transferred the title of his land to the Bank and the Bank has settled the principal component of loan of the Company up to Rs. 248,000,000/- (Pak Rupees Two Hundred Forty Eight Million) against the entire sale proceeds. In consideration Company has made arrangement with Mr. Imran Afzal and paid Rs. 90,200,000/- and balance Rs. 157,800,000/- is payable within one year.

	Note	2017 Rupees	2016 Rupees
13. Current portion of non current liabilities			
Long term financing	7	815,804,023	669,363,844
Liabilities against assets subject to finance lease	8	68,248,285	70,448,285
		<u>884,052,308</u>	<u>739,812,129</u>

14. Contingencies and commitments

14.1 Contingencies

- a.** M/S Bank Islami (Formerly KASB Bank Limited and now merged in to Bank Islami) instituted a suit for recovery of Rs.149,802,970/- under Financial institutions (Recovery of Finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the Company. The Bank restructured the outstanding finances as it claimed in referred suit for recovery and also offered to provide fresh export refinance working capital limits vide its offer letter. Based on such offer letter Company entered in to a compromise agreement with the Bank and Honorable Lahore High Court, Lahore passed the consent decree. Now, the Bank is not fulfilling its contractual obligations and not providing the agreed fresh export refinance working capital limits and has filed Execution Petition for recovery of Rs.192,528,719/-. The company is filing its legal reply to Execution Petition filed by the Bank in the said matter which is pending adjudication.
- b.** Amtex Limited filed suit in the court of Honorable Senior Civil Judge Faisalabad against M/S. Pakistan Cargo Services Private Limited for recovery of Rs.12,019,087/-. The case has been dismissed for want of evidence. Being aggrieved, company has filed appeal which is pending for adjudication before Honorable Additional Session Judge, Faisalabad.
- c.** M/S Zephyre Textile Limited has filed a suit for recovery of Rs. 2,916,762/- against the company before the Honorable District Judge Lahore. The company has duly filed its reply in the said matter and the same is pending adjudication.
- d.** M/S. Pak Kuwait Investment Company Private Limited has instituted suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 97,903,568/- along with future markup in the Honorable High Court Sindh at Karachi against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- e.** Bank islami Pakistan Limited has instituted suit against the company in the Honorable Lahore High Court, Lahore under financial institutions (Recovery of Finance) Ordinance, 2001 for recovery of Rs. 660,473,859/-. The Company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.

- f.** M/S National Bank of Pakistan (Islamic Banking Division) has instituted a suit for recovery of Rs. 106,924,484/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- g.** M/S National Bank of Pakistan has instituted a suit for recovery of Rs. 1,487,663,500/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- h.** M/S Faysal Bank Ltd has instituted a suit for recovery of Rs. 6,061,867/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Banking Court No. II, Faisalabad against the company. The company has filed its petition for leave to defend in the said matter and same is pending adjudication.
- i.** M/S Saudi Pak Industrial & Agricultural Investment Company Ltd has instituted a suit for recovery of Rs. 19,122,367/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Banking Court No. II, Lahore against the company. Court has passed the decree against the company and the company filed an appeal against the court order and Honorable Lahore High Court, Lahore in its order has set aside the decree earlier passed by the Honorable Banking Court No. II, Lahore. The Company has deposited demand draft amounting to Rs. 2,625,000/- (Refer Note no. 20) as at 12-Feb-2016 in the name of Judge Banking Court Lahore and now have applied for the refund of this amount as decree has been set aside, the application for refund is pending for decision before Honorable Lahore High Court. Now, M/S Saudi Pak Industrial & Agricultural Investment Company Ltd has instituted a fresh suit for recovery of Rs. 19,122,367 under Financial Institutions (Recovery of finances) Ordinance, 2001 before the Honorable Judge Banking Court No. II, Faisalabad, the Company has filed its petition for leave to defend in the said matter and same is pending adjudication.
- j.** M/S Habib Bank Ltd has instituted a suit for recovery of Rs. 946,312,769/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. Court has passed the decree in favor of Habib Bank Ltd and the company has filed an appeal against the court decree order before Honorable Lahore High Court, Lahore and the appeal is pending for adjudication.
- k.** The Bank of Punjab has instituted a suit for recovery of Rs. 6,373,121,000/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. The company has filed its petition for leave to defend the said matter and same is pending adjudication.
- l.** Askari Bank Ltd has instituted a suit for recovery of Rs. 619,486,166/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. Court has passed the decree in favor of Askari Bank Ltd and the company filed an appeal against the court decree order before Honorable Lahore High Court, Lahore and this appeal is pending for adjudication.
- m.** The company has filed writ petition in the Honorable Lahore High Court, Lahore against Federation of Pakistan and others, in the case of investigation of affairs of the company. The case is pending adjudication.
- n.** Cases are pending before foreign exchange adjudication officer, State Bank of Pakistan, for non-repatriation of export proceeds within prescribed times. The default may attract penalties. The financial impact cannot be determined at this stage.
- o.** A recovery demand of Rs. 9.4 million has been raised as a result of an order passed by Additional Commissioner Inland Revenue u/s 122 (5A) of the Income Tax Ordinance 2001 regarding Tax Year 2012. Department has deducted Rs. 9 million from Company's income tax and sales tax refunds. Said recovery deductions has not yet accounted for due to an appeal filed before Appellate Tribunal Inland Revenue (ATIR), Lahore.
- p.** SNGPL in July 2014 has changed the Sui gas Tariff from Rs. 488.23 per MMBTU to Rs. 573.28 per MMBTU by transferring the category of our unit from General Industrial to Captive Power. Company has filed writ petition before the Honorable Lahore High Court, Lahore against the said illegal / unlawful captive power tariff application by taking plea that we are producing / generating electricity only for own consumption / use, moreover, we do not hold license which is pre-requisite for sale of electricity. Honorable Lahore High Court, Lahore has granted stay in favor of the company restraining the SNGPL from charging captive power tariff instead of general industrial tariff. The company is confident of a favorable outcome of the suit, therefore, no provision has been made in these financial statements.
- q.** The company has filed suit in Honorable Lahore High Court Lahore challenging the illegal/ unlawful increase / levy of "Gas Infrastructure Development Cess" (GIDC) in Sui gas power bills by SNGPL. Honorable court has granted stay against recovery of enhanced GIDC hence the company has not paid the enhanced amount of GIDC. Further as the company is confident that the case will be decided in its favor, and due to impracticability, no provision in respect of enhanced GIDC is made in these financial statements.

- r. The Company has filed writ petition in Honorable Lahore High Court, Lahore against Commissioner Inland Revenue Regional Tax Office Faisalabad, Revenue Officer Faisalabad, Faisalabad Electric Supply Company and others regarding illegal and unlawful levy of General Sales Tax on newly acquired electric connection / bill of spinning division. The court has granted interim relief and further ordered the respondents to decide the issue within a period of one month.
- s. The Company has filed civil suit, against illegal demand by SNGPL to increase the security deposit / guarantee amount worked out on the basis of higher Captive Power Tariff, before Honorable Civil Judge Faisalabad. Honorable Court of Civil Judge Faisalabad has granted stay order against said impugned revision of security deposit / guarantee demand.
- t. The Company has filed petition and challenged the imposition of various surcharges on the consumption of electricity and obtained stay order from Honorable Lahore High Court. No any provision is made in these financial statements based on the opinion of the legal council that there is not likelihood of unfavorable outcome or any potential loss.
- u. The Company is defendant in various legal proceedings initiated by ex-employees in labor / civil courts. The Company expects decisions in its favor based on grounds of case and legal opinion hence no provision has been made.
- v. Company has filed writ petition before Honorable Islamabad High Court praying to set aside the order, issued by Executive Director (Corporate and Supervision Department) Securities and Exchange Commission of Pakistan (SECP), for appointment of inspectors to carry out investigation in to the affairs of the Company, the writ petition filed and matter is sub-judice and Honorable Islamabad High Court through its interim order has suspended the operation of order for appointment of inspectors.
- w. M/S. First National Bank Modaraba has instituted a suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 36,013,341/- along with markup before the Honorable Judge Banking Court, Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending for adjudication.
- x. The Company has filed writ petition in Honorable Lahore High Court, Lahore against Pakistan Central Cotton Committee and others regarding illegal and un-lawful increased demand / levy of cotton cess. Honorable Lahore High Court, Lahore has granted interim relief and suspends the said increased demand / levy of cotton cess and the case is pending adjudication. Further in separate Writ Petition, Court has also granted relief regarding membership of Ministry of industry, Research & Development Advisory Cell without payment of cotton cess.
- y. Amtex Limited has filed suit in the Honorable Civil Court at Faisalabad against M/s S.A Rehmat Private Limited for recovery of Rs.28,230,026/- and Rendition of account and cancellation of documents. same is pending adjudication.
- z. The company has not fully recognised mark up on redeemable capital, long and short term financing due to aforementioned litigations and also due to settlements with other banks. Had the mark up been fully charged, net loss for the year would have been increased by Rs. 709.883 million (2016: 668.464 million) and accumulated loss and interest / markup payable would have been increased by Rs. 3,194.515 million (2016: 2,484.632 million).
- aa. Delayed payment of income tax withheld may attract default surcharge and penal action.
- bb. Financial impact, if any, of the above (a to y) has not been acknowledged in these financial statements because of pending litigations.

	Note	2017 Rupees	2016 Rupees
14.2 Commitments			
Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas.		39,018,000	39,018,000
Bank guarantees issued in favour of Faisalabad Electric Supply Corporation for new connection.		-	8,940,000
Collector of custom		21,486,791	21,486,791
15. Property, plant and equipment			
Tangible			
Operating fixed assets	15.1	3,388,060,909	4,078,928,051
		<u>3,388,060,909</u>	<u>4,078,928,051</u>

15.1 Operating fixed assets

	Company owned										Assets subject to finance lease		Total
	Freehold land	Building on freehold land	Plant and machinery	Electric installations	Factory equipment	Furniture and fixtures	Office equipment	Laboratory equipment	Vehicles	Sub total	Plant and machinery		
Rupees													
At July 01, 2015	962,157,317	1,397,672,286	2,332,821,940	107,265,108	6,100,000	7,520,074	18,003,126	4,620,000	66,272,204	4,902,432,055	248,505,365	5,150,937,420	
Cost / valuation	-	(172,026,691)	(531,554,549)	(23,739,542)	(1,406,050)	(4,394,522)	(11,895,329)	(1,038,250)	(50,234,376)	(796,289,309)	(55,367,508)	(851,656,817)	
Accumulated depreciation													
Net book value	962,157,317	1,225,645,595	1,801,267,391	83,525,566	4,693,950	3,125,552	6,107,797	3,581,750	16,037,828	4,106,142,746	193,137,857	4,299,280,603	
Year ended June 30, 2016													
Opening net book value	962,157,317	1,225,645,595	1,801,267,391	83,525,566	4,693,950	3,125,552	6,107,797	3,581,750	16,037,828	4,106,142,746	193,137,857	4,299,280,603	
Additions	-	-	13,316,252	-	-	-	-	-	5,581,007	18,897,259	-	18,897,259	
Transfer from capital work in progress	-	39,750,556	-	-	-	-	-	-	-	39,750,556	-	39,750,556	
Disposals:													
Cost / valuation	-	-	-	-	-	-	-	-	(4,815,035)	(4,815,035)	-	(4,815,035)	
Accumulated depreciation	-	-	-	-	-	-	-	-	2,816,803	2,816,803	-	2,816,803	
	-	-	-	-	-	-	-	-	(1,998,232)	(1,998,232)	-	(1,998,232)	
Depreciation charge	(63,008,383)	(181,026,155)	(469,395)	(8,352,557)	(469,395)	(312,555)	(610,780)	(358,175)	(3,550,349)	(257,688,349)	(19,313,786)	(277,002,135)	
Closing net book value	962,157,317	1,202,387,768	1,633,557,488	75,173,009	4,224,555	2,812,997	5,497,017	3,223,575	16,070,254	3,905,103,980	173,824,071	4,078,928,051	
At July 01, 2016	962,157,317	1,437,422,842	2,346,138,192	107,265,108	6,100,000	7,520,074	18,003,126	4,620,000	67,038,176	4,956,264,835	248,505,365	5,204,770,200	
Cost / valuation	-	(235,035,074)	(712,580,704)	(32,092,099)	(1,875,445)	(4,707,077)	(12,506,109)	(1,396,425)	(50,967,922)	(1,051,160,855)	(74,681,294)	(1,125,842,149)	
Accumulated depreciation													
Net book value	962,157,317	1,202,387,768	1,633,557,488	75,173,009	4,224,555	2,812,997	5,497,017	3,223,575	16,070,254	3,905,103,980	173,824,071	4,078,928,051	
Year ended June 30, 2017													
Opening net book value	962,157,317	1,202,387,768	1,633,557,488	75,173,009	4,224,555	2,812,997	5,497,017	3,223,575	16,070,254	3,905,103,980	173,824,071	4,078,928,051	
Additions	-	-	-	-	-	-	918,000	-	1,926,723	2,844,723	-	2,844,723	
Transfer from capital work in progress	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals:													
Cost / valuation	(48,875,000)	(76,777,288)	-	-	-	-	-	-	(5,250,443)	(130,902,731)	-	(130,902,731)	
Accumulated depreciation	-	27,208,429	-	-	-	-	-	-	2,488,538	29,696,967	-	29,696,967	
	(48,875,000)	(49,568,859)	-	-	-	-	-	-	(2,761,905)	(101,205,764)	-	(101,205,764)	
Depreciation charge	(61,307,360)	(163,355,749)	(163,355,749)	(7,517,301)	(422,456)	(281,299)	(624,268)	(322,358)	(3,117,918)	(236,948,709)	(17,382,407)	(254,331,116)	
Closing net book value	913,282,317	1,091,511,549	1,470,201,739	67,655,708	3,802,099	2,531,698	5,790,749	2,901,217	12,117,154	3,569,794,230	156,441,664	3,726,235,894	
At June 30, 2017	913,282,317	1,360,645,554	2,346,138,192	107,265,108	6,100,000	7,520,074	18,921,126	4,620,000	63,714,456	4,828,206,827	248,505,365	5,076,712,192	
Cost / valuation	-	(269,134,005)	(875,936,453)	(39,609,400)	(2,297,901)	(4,988,376)	(13,130,377)	(1,718,783)	(51,597,302)	(1,258,412,597)	(92,063,701)	(1,350,476,298)	
Accumulated depreciation													
Net book value	913,282,317	1,091,511,549	1,470,201,739	67,655,708	3,802,099	2,531,698	5,790,749	2,901,217	12,117,154	3,569,794,230	156,441,664	3,726,235,894	
Surplus/(Deficit) on revaluation as at June 30, 2017	246,764,983	71,231,459	(565,436,759)	(20,475,708)	(552,099)	-	-	98,783	-	(268,369,321)	(69,805,664)	(338,174,985)	
Total book value at June 30, 2017	1,160,047,300	1,162,743,008	904,765,000	47,180,000	3,250,000	2,531,698	5,790,749	3,000,000	12,117,154	3,301,424,909	86,636,000	3,388,060,909	
Annual rate of depreciation (%)	-	5-10	10	10	10	10	10	10	10	10	10	10	

	2017 Rupees	2016 Rupees
15.2 Depreciation for the year		
has been allocated as under:		
Cost of sales	250,307,631	272,528,451
Administrative expenses	4,023,485	4,473,684
	254,331,116	277,002,135

15.3 Had there been no revaluation, the related figures of freehold land, building on freehold land, plant and machinery, electric installations, factory equipment and laboratory equipment as at June 30, 2017 and 2016 would have been as follows:

	2017		
	Cost	Accumulated depreciation	Written down value
	-----Rupees-----		
Company owned			
Freehold land	139,232,653	-	139,232,653
Building on freehold land	1,732,344,482	587,524,835	1,144,819,647
Plant and machinery	3,149,040,481	2,276,230,359	872,810,122
Electric installations	92,087,323	65,276,733	26,810,590
Factory equipment	5,882,262	4,512,641	1,369,621
Laboratory equipment	844,749	417,327	427,422
Leasehold			
Plant and machinery	173,681,175	118,840,173	54,841,002
	5,293,113,125	3,052,802,068	2,240,311,057
	2016		
	Cost	Accumulated depreciation	Written down value
	-----Rupees-----		
Company owned			
Freehold land	143,605,403	-	143,605,403
Building on freehold land	1,742,753,222	532,063,285	1,210,689,937
Plant and machinery	3,149,040,481	2,179,251,457	969,789,024
Electric installations	92,087,323	62,297,779	29,789,544
Factory equipment	5,882,262	4,360,461	1,521,801
Laboratory equipment	844,749	369,836	474,913
Leasehold			
Plant and machinery	173,681,175	112,746,728	60,934,447
	5,307,894,615	2,891,089,546	2,416,805,069

15.4 Detail of disposal of property, plant and equipment

Description	Cost / Revaluated amount	Accumulated depreciation	Written down value	Sale proceeds	Profit/(loss)	Particulars	Mode of Disposal
Land	48,875,000	-	48,875,000	33,016,324	(15,858,676)	Shaheen cloth processing mills (PVT) Ltd.(Sargodha road Faisalabad)	Negotiation
Building	76,777,288	27,208,429	49,568,859	41,983,677	(7,585,182)	Shaheen cloth processing mills (PVT) Ltd.(Sargodha road Faisalabad)	Negotiation
Vehicle	390,000	353,532	36,468	120,000	83,532	Mr. Muhammad Ramzan(Gren View colony Faisalabad)	Negotiation
Vehicle	1,593,293	624,005	969,288	1,350,000	380,712	Hafiz Shams Ul Vra(Danial City,Faisalabad)	Negotiation
Vehicle	495,000	443,234	51,766	225,000	173,234	Shahzad Sarwar(P-116, Street No.03,New Civil Line, Faisalabad)	Negotiation
Vehicle	2,150,000	481,958	1,668,042	1,600,000	(68,042)	Shahid Abbas (College Road Madina Town Faisalabad)	Negotiation
Vehicle	622,150	585,809	36,341	247,000	210,659	Muhammad Ali(Amin Town, Kashmir Ghee Mills, Faisalabad)	Negotiation
2017 Rupees	130,902,731	29,696,967	101,205,764	78,542,001	(22,663,763)		
2016 Rupees	4,815,035	2,816,804	1,998,231	3,245,000	1,246,769		

	2017 Rupees	2016 Rupees
16. Long term deposits		
Against utilities	47,646,928	52,646,928
Against TFC	9,374,497	9,374,497
	57,021,425	62,021,425
17. Stores, spares and loose tools		
Stores	592,110,023	650,538,521
Spares	26,389,303	12,131,200
Loose tools	500,855	1,875,409
	619,000,181	664,545,130

17.1 Stores include items that may result in fixed capital expenditure but are not distinguishable.

17.2 Stores amounting to Rs.Nil (2016: 193.453 million) is at net realisable value as per valuation report given by an independent valuer.

	2017 Rupees	2016 Rupees
18. Stock in trade		
Raw material	557,221,306	747,365,908
Work in process	82,525,239	135,529,150
Finished goods	659,955,565	913,024,168
Waste	1,550,212	1,496,418
	<u>1,301,252,322</u>	<u>1,797,415,644</u>

18.1 Stock in trade amounting to Rs. 302.765 million (2016:Rs. 184.375 million) was pledged as security with the banks. Due to pending litigation with NBP & BOP latest pledged stocks sheets are not provided/ made available by the Banks.

18.2 Stock in trade amounting to Rs. 588.974 million (2016: Rs. 665.077 million) is at net realisable value as per valuation report given by an independent valuer.

	Note	2017 Rupees	2016 Rupees
19. Trade debts			
Considered good			
Unsecured			
Foreign		2,568,187,411	3,175,878,516
Local		228,907,243	181,957,408
		2,797,094,654	3,357,835,924
Considered doubtful			
Unsecured			
Foreign		4,517,510,811	3,933,360,396
Less: Provision for doubtful debts	19.1	(4,517,510,811)	(3,933,360,396)
		-	-
		<u>2,797,094,654</u>	<u>3,357,835,924</u>
19.1 Provision for doubtful debts			
Opening balance		3,933,360,396	3,322,845,608
Created during the year		584,150,415	610,514,788
Closing balance		<u>4,517,510,811</u>	<u>3,933,360,396</u>

19.2 The aging of trade debts as at balance sheet date is as under:

	Note	2017 Rupees	2016 Rupees
Not past due		252,663,088	213,859,849
Past due within one year		6,849,021	7,722,964
Past due more than one year		7,055,093,356	7,069,613,507
		7,061,942,377	7,077,336,471
		7,314,605,465	7,291,196,320

19.3 Past due balances which are considered good are not restated as at balance sheet date. Had this restatement been made, the loss for the year would have been decreased by Rs.97.932 million.

	Note	2017 Rupees	2016 Rupees
20. Loans and advances			
Considered good Advances			
Suppliers and others	20.1	5,256,261	21,333,830

20.1 It includes an amount of Rs. 2,625,000/- which has been deposited as demand draft in the name of Judge Banking Court Lahore. (Refer # 14.1.i)

		2017 Rupees	2016 Rupees
21. Deposits and prepayments			
Considered good Deposits			
Export bill margin		-	2,173,969
Lease deposits		7,251,662	7,251,662
Prepayments		1,485,376	573,151
		8,737,038	9,998,782
22. Other receivables			
Considered good			
Export rebate / duty drawback		85,115,545	85,121,390
Federal excise duty		6,677,360	6,677,360
Others		3,539,940	2,999,940
		95,332,845	94,798,690
23. Tax refunds due from the Government			
Income tax		75,025,444	73,466,668
Sales tax		144,132,880	155,721,583
		219,158,324	229,188,251

	Note	2017 Rupees	2016 Rupees
24. Cash and bank balances			
Cash in hand		169,126,093	116,979,893
Cash at banks;			
In current accounts		22,609,031	29,087,042
In PLS accounts	24.1	118,715	22,598
		<u>191,853,839</u>	<u>146,089,533</u>

24.1 It carries mark up @ 2.705% under prevailing market rate.

	Note	2017 Rupees	2016 Rupees
25. Sales			
Export			
Fabrics / made ups / garments	25.1	731,128,083	853,325,060
Indirect export			
Yarn	25.2	5,313,800	57,532,100
Cloth	25.2	-	77,143,201
Processing and conversion	25.2	180,398,500	122,537,062
		<u>916,840,383</u>	<u>1,110,537,423</u>
Local			
Yarn / cloth	25.2	460,534,288	707,193,943
Processing and conversion	25.2	221,798,651	164,880,703
Waste and left over	25.2 & 25.3	29,146,898	46,165,737
Printing screens	25.2	68,445,053	138,538,439
		<u>1,696,765,273</u>	<u>2,167,316,245</u>
Add: Export rebate / duty drawback		6,499,737	6,856,214
		<u>1,703,265,010</u>	<u>2,174,172,459</u>
Less: Commission		5,047,586	19,787,277
		<u>1,698,217,424</u>	<u>2,154,385,182</u>

25.1 Exchange gain due to currency rate fluctuation amounting to Rs. 3,866,222/- (2016: Rs.7,613,594/-) has been included in export sales.

	Note	2017 Rupees	2016 Rupees
25.2 Gross sales			
Indirect export			
Yarn		5,313,800	59,258,063
Cloth		-	79,457,497
Processing and conversion		180,398,500	126,213,174
Local			
Yarn / cloth		460,534,288	728,409,761
Processing and conversion		221,798,651	169,827,124
Waste and left over		29,575,590	48,144,067
Printing screens		78,727,707	161,048,083
		976,348,536	1,372,357,769
Less: Sales tax		(10,711,346)	(58,366,585)
		965,637,190	1,313,991,184

25.3 It represents sale of left over / waste material out of goods manufactured.

	Note	2017 Rupees	2016 Rupees
26. Cost of sales			
Cost of goods manufactured	26.1	2,075,089,310	2,533,279,744
Finished goods			
Opening stock		914,520,586	1,158,722,465
Closing stock		(661,505,777)	(914,520,586)
		253,014,809	244,201,879
		2,328,104,119	2,777,481,623
26.1 Cost of goods manufactured			
Raw material consumed	26.1.1	636,110,584	1,018,034,198
Salaries, wages and benefits		304,718,203	323,681,166
Staff retirement benefits		12,885,577	12,742,001
Stores and spares		70,688,756	69,647,728
Dyes and chemicals		273,601,560	282,425,392
Packing material		74,975,211	74,513,653
Conversion processing and stitching charges		17,701,229	7,929,689
Engraving and wadding		17,721,783	14,052,919
Repairs and maintenance		4,541,783	9,752,879
Fuel and power		354,128,374	396,534,999
Insurance		1,310,039	1,066,134
Depreciation	15.2	250,307,631	272,528,451
Other		3,394,669	7,018,327
		2,022,085,399	2,489,927,536
Work in process			
Opening stock		135,529,150	178,881,358
Closing stock		(82,525,239)	(135,529,150)
		53,003,911	43,352,208
		2,075,089,310	2,533,279,744

	Note	2017 Rupees	2016 Rupees
26.1.1 Raw material consumed			
Opening stock		747,365,908	867,057,440
Purchases including purchase expenses		445,965,982	898,342,666
		1,193,331,890	1,765,400,106
Closing stock		(557,221,306)	(747,365,908)
		636,110,584	1,018,034,198

26.2 It includes an amount of Rs. 208.714 million (2016: Rs. 274.028 million) in respect of write down of inventories to net realisable value as per valuation report given by an independent valuer.

	Note	2017 Rupees	2016 Rupees
27. Other loss			
Income from financial assets:			
Profit on deposit		102,450	23,447
Income from assets other than financial assets:			
Markup waived off by banks		-	726,893
(Loss) / gain on disposal of property, plant and equipment		(22,663,763)	1,246,768
Rental income		540,000	180,000
Trading profit / (loss)	27.1	7,233,751	(13,442,434)
		(14,787,562)	(11,265,326)
27.1. Trading profit / (loss)			
Sale	27.1.1	76,144,743	60,684,871
Cost of sales		(68,910,992)	(74,127,305)
		7,233,751	(13,442,434)
27.1.1. Gross sales			
Gross sales		76,144,743	62,505,417
Less: sales tax		-	(1,820,546)
		76,144,743	60,684,871
28. Selling and distribution expenses			
Steamer freight		8,980,213	9,459,032
Freight and octroi		4,301,785	3,944,720
Clearing and forwarding		4,206,634	2,466,950
Export development surcharge		1,901,355	2,232,413
Other		498,607	207,688
		19,888,594	18,310,803

	Note	2017 Rupees	2016 Rupees
29. Administrative expenses			
Directors' remuneration	33	2,400,000	3,600,000
Salaries and benefits		32,104,414	28,839,663
Utilities		910,421	1,048,616
Postage and telecommunication		4,811,312	8,521,241
Vehicles running and maintenance		5,152,780	4,495,832
Traveling and conveyance		7,226,584	6,448,804
Printing and stationery		1,027,461	1,186,649
Entertainment		4,664,768	4,334,302
Fees and subscriptions		441,356	1,172,232
Legal and professional		4,081,463	4,743,466
Auditor's remuneration	29.1	1,500,000	1,500,000
Repairs and maintenance		351,833	444,650
Depreciation	15.2	4,023,485	4,473,684
Provision for doubtful debts	19.1	584,150,415	610,514,788
Sales tax written off		-	20,182,412
Further sales tax		372,156	1,800,483
Other		3,525,775	3,120,772
		<u>656,744,223</u>	<u>706,427,594</u>
29.1 Auditor's remuneration			
Audit fee		1,000,000	1,000,000
Half yearly review		500,000	500,000
		<u>1,500,000</u>	<u>1,500,000</u>
30. Finance cost			
Interest / mark up on:			
Long term financing		97,307,949	105,718,591
Short term borrowings		33,382,357	35,943,120
Bank charges and commission		16,162,329	13,598,666
		<u>146,852,635</u>	<u>155,260,377</u>

	Note	2017 Rupees	2016 Rupees
31. Provision for taxation			
Current			
For the year	31.1	17,395,713	11,537,056
Deferred	31.2	-	-
		<u>17,395,713</u>	<u>11,537,056</u>

31.1 Provision of taxation has been provided by minimum tax on local sales due to gross loss sustained by the tax payer from current year under section 113 and sales under final tax regime as per section 169 of the Income Tax Ordinance, 2001.

31.2 Deferred taxation

Deferred tax asset amounting to 1,888.078 million (2016: Rs. 1,712.739 million) is not recognised for all deductible temporary differences and carry forward of unused tax losses due to uncertainty regarding non availability of taxable profits in foreseeable future against which such temporary differences and tax losses can be utilised.

31.3 Relationship between tax expense and accounting profit

The relationship between tax expenses and accounting profit has not been presented in these financial statements as the company's current year's taxation includes tax based on provisions of section 169 and 113 of the Income Tax Ordinance, 2001.

	2017 Rupees	2016 Rupees
32. Loss per share - Basic and diluted		
Net loss for the year (Rupees)	(1,485,555,422)	(1,525,897,597)
Weighted average number of ordinary shares	259,430,134	259,430,134
Loss per share - Basic and diluted (Rupees)	(5.73)	(5.88)

32.1 There is no dilutive effect on basic earnings per share of the Company.

33. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2017			2016		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	-----Rupees-----					
Remuneration	800,000	800,000	3,250,000	800,000	1,600,000	3,050,000
House rent allowance	320,000	320,000	1,300,000	320,000	640,000	1,220,000
Utility allowance	80,000	80,000	325,000	80,000	160,000	350,000
	<u>1,200,000</u>	<u>1,200,000</u>	<u>4,875,000</u>	<u>1,200,000</u>	<u>2,400,000</u>	<u>4,620,000</u>
Number of persons	1	1	6	1	2	6

33.1 The Directors and Executives are entitled to free use of Company maintained vehicles. The running and maintenance expenses of these vehicles are Rs.1,288,195/- (2016: Rs.1,118,993/-). The Directors have waived off their meeting fee.

	Unit	(FIGURES IN THOUSAND)	
		2017	2016
34. INSTALLED CAPACITY AND ACTUAL PRODUCTION			
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2016: 1095 shifts)	Kgs.	18,162	18,162
Actual production converted to 20s count based on 3 shifts per day for 151 shifts (2016: 366 shifts)	Kgs.	1,876	5,099
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day for 1095 shifts (2016: 1095 shifts)	Sq.Mt.	43,083	43,083
Actual production converted to 50 picks based on 3 shifts per day for 742 shifts (2016: 970 shifts)	Sq.Mt.	28,116	37,012
Dyeing and finishing			
Production capacity for 3 shifts per day for 1095 shifts (2016: 1095 shifts)	Mt.	45,625	45,625
Actual production for 3 shifts per day for 608 shifts (2016: 535 shifts)	Mt.	28,582	23,415

Processing, Stitching and Apparel

The plant capacity of these divisions are indeterminable due to multiproduct plants involving varying processes of manufacturing and run length of order lots.

Reasons for shortfall

- Temporary closure due to load management by suppliers of gas and electricity and for maintenance.
- Actual production is planned to meet the market demand.
- It is difficult to describe precisely the production capacity of textile products being manufactured since it fluctuates widely depending upon various factors such as simple / multi-function articles, small and large size articles, special articles and the pattern of articles adopted.

35. NUMBER OF EMPLOYEES

	2017	2016
Total number of employees as at June 30,	615	1,191
Average number of employees for the year	610	1,012

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimize risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

2017	2016
Rupees	Rupees

36.1 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets:

Loans and receivables at amortized cost

Trade debts	2,797,094,654	3,357,835,924
Deposits	64,273,087	71,447,056
Bank balances	22,727,746	29,109,640
	<u>2,884,095,487</u>	<u>3,458,392,620</u>

Financial liabilities:

Financial liabilities at amortized cost

Redeemable capital	-	379,166,665
Long term financing	2,075,864,023	2,250,303,461
Liabilities against assets subject to finance lease	68,248,285	70,448,285
Trade and other payables	321,614,473	307,119,265
Interest / markup payable	2,603,546,609	2,599,616,255
Short term borrowings	7,494,863,069	7,371,076,295
	<u>12,564,136,459</u>	<u>12,977,730,226</u>

36.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

36.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2017 Rupees	2016 Rupees
Trade debts	2,797,094,654	3,357,835,924
Deposits	64,273,087	71,447,056
Bank balances	22,727,746	29,109,640
	<u>2,884,095,487</u>	<u>3,458,392,620</u>

Due to the Company's long standing relations with counter parties and after giving due consideration to their financial standing, the management do not expect non performance by these counter parties on their obligations to the company.

For trade debts credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The majority of export sales debtors of the Company are situated at UAE, USA and Europe.

The Company's most significant customers are foreign departmental stores and trading houses. The aging of trade debts as at balance sheet date is as under:

	2017 Rupees	2016 Rupees
Not past due	252,663,088	213,859,849
Past due within one year	6,849,021	7,722,964
Past due more than one year	7,055,093,356	7,069,613,507
	<u>7,061,942,377</u>	<u>7,077,336,471</u>
	<u>7,314,605,465</u>	<u>7,291,196,320</u>

The management is pursuing the matter with foreign buyers and is confident that its efforts will result in the recovery of above old outstanding balances, and hence, pending negotiations and resolution of the matter, 64.68% of the past due balances has been provided.

The credit risk exposure is limited in respect of deposits and bank balances as bank balances and majority of deposits are placed with foreign and local banks having good credit rating from international and local credit rating agencies.

36.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to maintain sufficient level of liquidity of the Company on the basis of expected cash flows, requirements of holding highly liquid assets and maintaining adequate reserve borrowing facilities to cover liquidity risk. This includes maintenance of balance sheet liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2017 and 2016;

	2017				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand-----					
Financial liabilities:					
Redeemable capital	-	88,883	88,883	-	-
Long term financing	2,075,864	2,191,824	814,743	108,000	1,269,081
Liabilities against assets					
subject to finance lease	68,248	87,867	87,867	-	-
Trade and other payables	321,614	321,614	321,614	-	-
Short term borrowings	7,494,863	9,882,968	9,882,968	-	-
	9,960,589	12,573,156	11,196,075	108,000	1,269,081
	2016				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand-----					
Financial liabilities:					
Redeemable capital	-	88,883	88,883	-	-
Long term financing	2,250,303	2,364,420	632,751	141,085	1,590,585
Liabilities against assets					
subject to finance lease	70,448	90,067	90,067	-	-
Trade and other payables	307,119	307,119	307,119	-	-
Short term borrowings	7,371,076	9,757,920	9,757,920	-	-
	9,998,946	12,608,409	10,876,740	141,085	1,590,585

The contractual cash flows relating to mark up have been determined on the basis of weighted average mark up rates on long term and short term borrowings. The Company is exposed to liquidity risk which will be managed by the Company as explained in detail in Note 1.3.

36.2.3 Market risk

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

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of interest rate risk arises from redeemable capital, long and short term borrowings from banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

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 effect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, loss for the period and equity would have been Rs. 5.760 million (2016 : Rs. 6.661 million) lower / higher.

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign debtors. The total foreign currency risk exposure on reporting date amounted to Rs. 7,085.698 million (2016: Rs. 7,109.230 million).

At June 30, 2017, had the currency been weakened / strengthened by 5% against the foreign currency with all other variables held constant, profit for the year and equity would have been Rs.1.67 million (2016: Rs.1.98 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade debts (based on debtors not yet past due).

iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. The Company is not exposed to equity price risk.

36.3 Fair values of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

36.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain 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 obtain / repay long term financing from / to financial institutions.

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('redeemable capital', 'long term financing', 'liabilities against assets subject to finance lease' and 'short term borrowings' as shown in the balance sheet). Equity comprises of shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

The salient information relating to capital risk management of the Company as of June 30, 2017 and 2016 were as follows:

	Note	2017 Rupees	2016 Rupees
Total debt	6,7,8 & 12	9,638,975,377	10,070,994,706
Less: Cash and bank balances	24	191,853,839	146,089,533
Net debt		9,447,121,538	9,924,905,173
Total equity		(5,949,641,153)	(4,633,140,083)
Total capital		3,497,480,385	5,291,765,090
Gearing ratio		270.11%	187.55%

36.5 Overdue loans

On the reporting date the installments of long term finances amounting to Rs. 597.904 million along with mark up of Rs. 106.939 million, lease finance amounting to Rs. 68.248 million along with mark up of Rs. 19.619 million and short term borrowings amounting to Rs. 7,337.063 million along with mark up of Rs. 2,387.969 million were over due.

On reporting date, the carrying amount of loans relevant to above overdue were long term finances Rs. 1260.060 million, lease finance Rs. 68.248 million and short term borrowings Rs. 7,337.063 million.

Overdue installment of long term loans amounting to Rs.5.375 million (2016: Rs. 4.316 million) was subsequently paid.

Company has applied to the banking companies for restructuring of the overdue loans and mark up (Refer Note 1.3).

37. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 04, 2017 by the Board of Directors of the Company.

38. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the company and key management personnel. The company in the normal course of business carries out transaction with related parties. The transactions with related parties other than those disclosed in relevant notes are as follows;

	2017 Rupees	2016 Rupees
Rent received	540,000	180,000
Acquired services of conversion	-	3,080,098
Purchase from Shama Exports	11,927,797	-
Purchase from I.A Textiles	16,492,953	-
Balances due to related parties		
Shama Exports	11,927,797	-
I.A Textiles	6,492,953	-

39. Non Adjusting Event after the Balance Sheet Date

The Company in an Extraordinary General Meeting held on August 29, 2017 has accorded approval from members for sale of Weaving Division situated at Zeenat Town, Sargodah Road, Faisalabad that includes its Land, Building, Plant & Machinery, Equipment and all other assets installed therein, Plant & Machinery of Processing Division situated at 1-KM Khurrianwala Jaranwala Road, Faisalabad and Land and Building of Godown situated at Chak No. 120 JB Sargodah Road, Faisalabad and Land situated at Chak No. 199 RB, Gatwala, Shiekhupura Road, Faisalabad as a part of debt restructuring / rescheduling plan under negotiation between the company and its lender banks". Further Company has also accorded approval for lease of complete or part of land & building of processing & dyeing unit situated at 1 KM Khurrianwala Jaranwala Road Faisalabad. In said Extraordinary General Meeting members unanimously gave approval regarding aforementioned all special business transactions.

Further as decided by Board in their meeting held on September 14, 2017 Company's processing unit land and building situated at 1 KM Khurrianwala Jaranwala Road Faisalabad has given on lease under a written lease agreement to M/s Abwa Knowledge Village Private Limited to establish a Hospital, Medical College, Schools, University and for any other business permissible under the laws of Pakistan on yearly rent of Rs. 20,160,000/.

40. GENERAL

40.1 Nomenclature of the following account head has been changed in these financial statements:

Previous	Current
Electricity and Gas	Utilities
Conversion and processing charges	Conversion processing and stitching charges
Long term finances	Long term finances under SBP

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

Pattern of Shareholding

As on June 30, 2017

Number of Shareholders	Shareholding		Total Number of Shares Held	Percentage of Total Capital
	From	To		
98	1	100	2,406	0.00
275	101	500	117,135	0.05
432	501	1000	383,514	0.15
975	1001	5000	3,120,258	1.20
405	5001	10000	3,378,937	1.30
141	10001	15000	1,858,432	0.72
118	15001	20000	2,214,309	0.85
87	20001	25000	2,061,486	0.79
58	25001	30000	1,678,015	0.65
38	30001	35000	1,266,623	0.49
24	35001	40000	934,000	0.36
19	40001	45000	821,813	0.32
69	45001	50000	3,433,000	1.32
18	50001	55000	955,055	0.37
16	55001	60000	942,500	0.36
8	60001	65000	509,500	0.20
15	65001	70000	1,038,250	0.40
11	70001	75000	805,500	0.31
11	75001	80000	867,500	0.33
2	80001	85000	165,000	0.06
7	85001	90000	622,000	0.24
3	90001	95000	283,500	0.11
37	95001	100000	3,691,000	1.42
5	100001	105000	510,500	0.20
3	105001	110000	330,000	0.13
4	110001	115000	454,000	0.17
3	115001	120000	354,000	0.14
7	120001	125000	868,500	0.33
4	125001	130000	513,500	0.20
1	130001	135000	132,000	0.05
3	135001	140000	420,000	0.16
1	140001	145000	142,000	0.05
8	145001	150000	1,199,500	0.46
2	155001	160000	319,000	0.12
1	160001	165000	160,128	0.06
2	165001	170000	335,500	0.13
3	170001	175000	520,500	0.20
1	175001	180000	178,000	0.07
1	190001	195000	190,443	0.07
10	195001	200000	1,996,000	0.77
2	210001	215000	428,000	0.16

Number of Shareholders	Shareholding From	To	Total Number of Shares Held	Percentage of Total Capital
1	215001 -	220000	220,000	0.08
1	220001 -	225000	221,010	0.09
1	225001 -	230000	227,200	0.09
2	230001 -	235000	462,500	0.18
1	235001 -	240000	240,000	0.09
2	250001 -	255000	508,061	0.20
2	255001 -	260000	515,000	0.20
1	260001 -	265000	263,500	0.10
1	280001 -	285000	282,500	0.11
1	310001 -	315000	311,000	0.12
1	340001 -	345000	343,000	0.13
1	345001 -	350000	350,000	0.13
1	355001 -	360000	360,000	0.14
1	360001 -	365000	363,523	0.14
1	370001 -	375000	375,000	0.14
2	375001 -	380000	757,500	0.29
1	385001 -	390000	389,121	0.15
1	395001 -	400000	400,000	0.15
1	505001 -	510000	510,000	0.20
1	555001 -	560000	560,000	0.22
1	595001 -	600000	600,000	0.23
1	705001 -	710000	710,000	0.27
1	765001 -	770000	768,500	0.30
1	800001 -	805000	801,000	0.31
2	810001 -	815000	1,630,000	0.63
1	825001 -	830000	830,000	0.32
1	885001 -	890000	885,500	0.34
1	950001 -	955000	955,000	0.37
1	1215001 -	1220000	1,220,000	0.47
1	2095001 -	2100000	2,099,095	0.81
1	22550001 -	22555000	22,555,000	8.69
1	23170001 -	23175000	23,172,472	8.93
1	48255001 -	48260000	48,255,780	18.60
1	51990001 -	51995000	51,994,656	20.04
1	55090001 -	55095000	55,092,912	21.24
2,968			259,430,134	100.00

Categories of Shareholding
As At June 30, 2017

Categories of Members	No. of Shareholders	No. of Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	7	155,345,498	59.88
Associated Companies, undertakings and related parties		-	-
NIT and ICP	2	752,644	0.29
Banks Development Financial Institutions, Non banking Financial institutions	1	23,172,472	8.93
Insurance Companies		-	-
Modarabas and Mutual Funds		-	-
Share holders holding 10%	3	155,343,348	59.88
General Public			
Local	2942	54,594,044	21.04
Foreign		-	
Joint stock companies	15	3,010,476	1.16
Others (Government Institution)	1	22,555,000	8.69
Total (Excluding Shareholders holding 10% or more)	2968	259,430,134	

Pattern of Shareholding As at June 30, 2017

Information as required under Code of Corporate Governance

Categories of Shareholders		Number Shares Held	Percentage
Associated Companies, Undertakings and Related Parties		-	-
NIT & ICP / FUNDS			
NIT		2 752,644	0.29
Directors, CEO their Spouses & Minor Children			
Mr. Khurram Iftikhar		1 51,994,656	20.04
Mr. Shahzad Iftikhar		1 55,092,912	21.24
Mr. Nadeem Iftikhar		1 48,255,780	18.60
Mr. Suhail Maqsood Ahmad		1 500	0.00
Mr. Muhammad Ahsan		1 650	0.00
Mr. Gul Muhammad Naz		1 500	0.00
Mr. Usman Ghani		1 500	0.00
Executives		-	-
Public Sector Companies & Corporations			
Joint Stock companies		15 3,010,476	1.16
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Takaful, Modarabas & Pension Funds		1 23,172,472	8.93
Shareholders Holding Five Percent or More Voting Interest in the Listed Company			
Mr. Khurram Iftikhar	Chief Executive	51,994,656	20.04
Mr. Shahzad Iftikhar	Director	55,092,912	21.24
Mr. Nadeem Iftikhar	Director	48,255,780	18.60
EMPLOYEES OLD-AGE BENEFITS INSTITUTION		22,555,000	8.69
NATIONAL BANK OF PAKISTAN		23,172,472	8.93

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

Nil

FORM OF PROXY
Annual General Meeting

I / We _____
of _____
being a member of Amtex Ltd, hereby appoint _____
of _____
or failing him/her _____
of _____

member (s) of the Company, as my / our proxy in my / our absence to attend and vote for me / us and on my /our behalf at the Annual General Meeting of the Company to be held on October 28, 2017 at 11:00 A.M. at Company’s registered office P-225 Tikka Gali # 2 Montgomery Bazar Faisalabad.

as witness my / our hand seal this _____ day of _____ 2017

Signed by the said member
in presence of _____

Please
affix
Revenue
Stamp Rs.5

Signature(s) of Member(s)

Witness 1

Witness 2

Signature of witness _____

Signature of witness _____

Name _____

Name _____

Address _____

Address _____

CNIC # _____

CNIC # _____

Please Quote:

Folio No	Shares Held	CDC A/C No.

IMPORTANT: Proxies in order to be effective, must be received at the Registered Office of the company at 1 K.M. Khurrianwala Jaranwala Road Faisalabad, not later than 48 hours before the time for holding the Annual General Meeting and must be duly stamped, signed and witnessed.

Consent for video conference facility

Annual General Meeting

I/We _____ of _____ being a member (s) of Amtex Limited, holder of _____ ordinary share (s) as per registered Folio/CDS Account No. _____ hereby opt for video conference facility at _____.

CDS Account No.

Revenue Stamp
of Appropriate
Value

The Company Secretary

AMTEX LIMITED

P-225, Tikka Gali # 2
Montgomery Bazar,
Faisalabad

AFFIX
CORRECT
POSTAGE

پراکسی فارم

سالانہ عمومی میٹنگ 2017

میں / ہم ----- کو ----- بطور ایک ممبر ایم ٹیکس -----

کو مقرر کرتے ہیں یا اس فرد مذکورہ کی عدم دستیابی کی صورت میں -----

----- کو اپنی جگہ مورخہ 28 اکتوبر 2017 کو بوقت 11:00 بجے صبح
بمقام ٹیکا گلی نمبر 2 منگمری بازار فیصل آباد میں منعقد ہونے والے سالانہ اجلاس عام میں شرکت اور رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا
رکرتی ہوں۔

دستخط شیئرز ہولڈر ----- مورخہ ----- اکتوبر 2017

5 روپے کا محصول

ٹکٹ

گواہ نمبر 1 -----	گواہ نمبر 2 -----
گواہ کے دستخط -----	گواہ کے دستخط -----
نام -----	نام -----
پتہ -----	پتہ -----
شناختی کارڈ نمبر -----	شناختی کارڈ نمبر -----

مہربانی کر کے یہاں تحریر کریں:

فولیو نمبر	برقرار رکھے گئے حصص	سی ڈی سی اکاؤنٹ نمبر
------------	---------------------	----------------------

ضروری ہدایت: پراکسی کے کسی بھی موثر اقدام کے پیش نظر یہ ضروری ہے کہ مذکورہ فارم کمپنی کے رجسٹرڈ آفس بمقام ٹیکا گلی نمبر 2 منگمری بازار
فیصل آباد تک سالانہ عمومی میٹنگ کے منعقد ہونے سے 48 گھنٹے سے پہلے پہنچ جائے اور اس فارم پر مہر ثبت کرنا، دستخط اور بطور گواہ تحریر کرنا
لازمی ہے۔

ویڈیو کانفرنس کی سہولت کے لیے رضامندی

میں / ہم ----- ساکن -----

بطور ایک ممبر ایم ٹیکس ----- عام حصص بمطابق عام شیئرز رجسٹر فولیو نمبر / سی ڈی ایس اکاؤنٹ
نمبر ----- ویڈیو کانفرنس کی سہولت ----- میں حاصل کرنا چاہتا ہوں۔

محصول ٹکٹ چسپاں کریں

سی ڈی سی اکاؤنٹ نمبر -----

The Company Secretary

AMTEX LIMITED

P-225, Tikka Gali # 2
Montgomery Bazar,
Faisalabad

AFFIX
CORRECT
POSTAGE

www.jamapunji.pk

 **Jama
Punji**
سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



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

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

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



A M T E X

PAKISTAN OFFICE

AMTEX LIMITED

1-Km, Khurrianwala Jaranwala Road, Faisalabad, (Pakistan)

Tel: +9241-2428500 Fax: +9241-4361726,27