



COLONY TEXTILE MILLS LIMITED

**ANNUAL
REPORT
2018**



In the Name of Almighty Allah The Most Beneficent
The Most Merciful

COLONY TEXTILE MILLS LIMITED
Accounts For the Year
Ended
June 30, 2018

Vision

To be one of the largest Pakistani textiles supplier, fully equipped to cater to all needs of ever evolving global markets.

To explore and create growth opportunities to maximize return to all stakeholders.

Mission

To take the company to a new height where it is rated as the best in all spheres of business and everyone concerned feels proud of being its integral part.

Business Ethics and Practices

Our Core business is to produce and supply of Textile Products to local and international customers with best quality standards and efficient services. Customer satisfaction being our top priority, we follow the under mentioned business practices for the achievement of the desired results of customer satisfaction.

HUMAN RESOURCE DEVELOPMENT

We believe in individual respect and growth. Our employment and HR policies develop individuals without race, religion, gender or any discrimination factor. We provide equal opportunities to all the employees under a team based working environment. We provide all the possible support to all our employees to enhance their knowledge and vision keeping in view of their own limitations.

SOCIAL AND COMMUNITY COMMITMENTS

We believe in community development. We contribute our resources, both financial and ethical, in supporting all the deserving individuals of the society. We feel it is our responsibility to play our role in the development of the society and do maximum within our own limitations for the community at large.

RISK MANAGEMENT

Our risk management policies are geared to enhance share holders worth, improve credit worthiness and minimize credit risk while diversifying income, along with suppliers and customers base. We strongly believe in having an excellent relationship with our financial institutions as we take them as our business partners.

TRANSPARENT FINANCIAL POLICIES

Our financial policies are based on the principal of fairness and transparency. We are following all the applicable laws and best accounting practices while preparing the financial statements for the stakeholders.

CORPORATE GOVERNANCE

We as a responsible corporate citizen strongly adhere to the Corporate Governance principles and comply with the regulatory obligations enforced by regulatory agencies for improving corporate performance. We believe in uprightness of performance and expect it to be a fundamental responsibility of our employees to act in the best interest of the company without compromising on the rules and regulations enforced by the regulators.

MARKETING AND INDUSTRY PRACTICES

All our marketing policies are customer focused. We believe in One Window Solution and customer satisfaction. Our marketing policy is only based on these two parameters and to achieve this we ensure best quality and efficient response to customers. As a long term marketing strategy we are focusing on diversification, value addition of our products while making a close liaison with markets, customers and their needs.

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Company Information

Board Of Directors

| | |
|-------------------------------|---------------------------|
| Mr. Mughis A. Sheikh | (Chairman) |
| Mr. Fareed Mughis Sheikh | (Chief Executive Officer) |
| Mr. Muhammad Tariq | |
| Mr. Muhammad Atta ullah Khan | |
| Mr. Muhammad Ashraf Saif | |
| Mr. Abdul Hakeem Khan Qasuria | |
| Mr. Muhammad Ikram ul Haq | |

Board Committees

Audit Committee

| | |
|-------------------------------|------------|
| Mr. Muhammad Ashraf Saif | (Chairman) |
| Mr. Muhammad Atta ullah Khan | |
| Mr. Abdul Hakeem Khan Qasuria | |

HR & Remuneration Committee

| | |
|-------------------------------|------------|
| Mr. Muhammad Ashraf Saif | (Chairman) |
| Mr. Muhammad Ikram ul Haq | |
| Mr. Abdul Hakeem Khan Qasuria | |

Other Management Committees

Executive Committee

| | |
|------------------------------|------------|
| Mr. Fareed Mughis Sheikh | (Chairman) |
| Mr. Muhammad Tariq | |
| Mr. Muhammad Atta ullah Khan | |

Technical Committee

| | |
|--------------------------|------------|
| Mr. Fareed Mughis Sheikh | (Chairman) |
| Mr. Muhammad Tariq | |
| Mr. Muhammad Shoaib Khan | |

Finance Committee

| | |
|----------------------------|------------|
| Mr. Fareed Mughis Sheikh | (Chairman) |
| Mr. Atta Mohyuddin Khan | |
| Mr. Bilal Ahmad Khan Niazi | |

Social Compliance & Human Resource Committees

| | |
|------------------------------|------------|
| Mr. Fareed Mughis Sheikh | (Chairman) |
| Mr. Muhammad Atta ullah Khan | |
| Mr. Atta Mohyuddin Khan | |

Company Information

Chief Financial Officer

Mr. Atta Mohyuddin Khan

Company Secretary

Mr. Muhammad Abid

Auditors

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

Legal Advisor

Haidermota BNR
Advocates and Corporate Counsel

Tax Advisor

Riaz Ahmad & Company
Chartered Accountants

Registered Address

M. Ismail Aiwan-e-Science Building
205 Ferozepur Road, Lahore-54600
Phone : 042-35758970-2
Fax : 042-35763247
Email : corporate@colonytextiles.com
Website: www.colonytextiles.com

Share Registrar

Hameed Majeed Associates (Pvt.) Limited
HM House, 7 Bank Square
Lahore.
Phone: (042) 37235081-2, Fax: 042-37358817
Email : shares@hmaconsultants.com

Bankers

Bank Islami Pakistan Limited
Meezan Bank Limited
Faysal Bank Limited
Habib Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Silk Bank Limited
The Bank of Punjab
United Bank Limited
Summit Bank Limited

Notice of Annual General Meeting

Notice is hereby given that 8th Annual General Meeting of the shareholders of Colony Textile Mills Limited will be held on October 27, 2018 at 10:00 a.m. at Ismail Aiwan-e-Science Building, 205-Ferozepur Road, Lahore to transact the following:

1. To confirm the minutes of last Annual General Meeting.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with auditors and directors' reports thereon.
3. To appoint the auditors and to fix their remuneration for the next financial year 2018-19.
4. Any other business with the permission of Chairman.

By Order of the Board

Muhammad Abid
Company Secretary

Lahore:
October 05, 2018

NOTES:

- i. The Share Transfer Books of the Company will remain closed from October 19, 2018 to October 27, 2018 (both days inclusive).
- ii. A shareholder eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. In case of a corporate entity, votes may be given through attorney or proxy. In both cases the instrument of proxy duly completed, must reach to the Registered Office of the Company not later than 48 hours before the time of holding annual general meeting.
- iii. The Original Computerized Identity Card of the shareholder/proxy is required to prove his/her identity along with account details etc. at the time of meeting. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form.
- iv. The Annual Report is being transmitted to shareholders through CDs/DVDs instead of sending these in book form / hard copy in terms of SRO No. 470(I)/2016 dated May 31, 2016 and also available at website of the Company at www.colonytextiles.com. However, the company shall send printed copy of its Annual Report (Financial Statements) to desirous member within a week of such request without any cost.

Notice of Annual General Meeting

- v. As per provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which remained unclaimed/unpaid for a period of three years from the date these become due are required to be deposited with Federal Government under the instructions of SECP. In this respect detail of unclaimed dividend is available at website of the Company. In case, no claim is received, the unclaimed dividend shall be deposited with Federal Government as required under Law.
- vi. Members can also avail video conference facility at their hometown. In this regard fill the application as per following format and submit to the registered address of the company. The video conference facility will be provided only if the company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location at least 07 days prior to the date of general meeting. Upon receipt of request, the company shall arrange and intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting with guidelines to participate in video conference.

I / We----- of ----- being member of Colony Textile Mills Limited, holder of ----- Ordinary shares as per Register Folio # / CDC Account # / Participant Id # hereby opt for Video conference facility at -----.

Signature of shareholder

- vii. The Members are again advised:
 - a) To provide the copies of their valid CNIC's if not provided earlier to update the members register.
 - b) To notify the change of address immediately, if any.

CHAIRMANS' REVIEW

The Board consists of competent and efficient directors having immense experience in various sectors of the business.

The Board of Colony Textile Mills Limited consists of:

Mr. Mughis A. Sheikh (Chairman)
 Mr. Fareed Mughis Sheikh (Chief Executive Officer)
 Mr. Muhammad Tariq
 Mr. Muhammad Atta ullah Khan
 Mr. Abdul Hakeem Khan Qasuria
 Mr. Muhammad Ashraf Saif
 Mr. Muhammad Ikram ul Haq

The board is responsible for management of the company, formulates all significant policies and strategies. The board acknowledge its responsibility for Corporate and Financial Reporting Framework and is committed to good Corporate Governance.

During the financial year 2017-18, the board met five times. These meetings were conducted as per best practices and complying with all the regulatory requirements. In order to achieve the corporate objective, the board strictly monitored the performance of the sub committees to get maximum output. The board also monitored the quality standards of the company's products, compliance with best corporate practices and governance, stable and continual growth, encouraging diversity and ethical behavior and development of skills to attain advancement and excellence. The board is also well aware of its responsibilities for health safety and environment. We are very much satisfied with our efforts towards corporate social responsibility and are motivated to further extend it.

The management, employees, bankers, vendors and our valued customers have shown their commitment in difficult times to exhibit improved performance. I take this opportunity alongside my board members to thank all of them who have remained our strength and rendered valuable support and contribution to the company throughout the year.



Mughis A. Sheikh
Chairman

October 05, 2018

Directors' Report to the Members

On behalf of the Board of Directors, I present before you the annual report of the company along with audited financial statements for the year ended June 30, 2018. In compliance with the Code of Corporate Governance, these financial statements have been endorsed by the Chief Executive Officer and Chief Financial Officer of the company, recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

Your company has achieved sales of rupees 16,595 million as compared to the last year sales of rupees 13,546 million. The gross profit for the year is rupees 1,259 million against previous year's gross profit of rupees 1,003 million. The bottom line showed a net profit of rupees 40 million with earnings per share of rupees 0.08 as compared to net profit of rupees 97 million with earnings per share of rupees 0.20 for last year.

The year has seen a rise in cost of raw materials as well as gas mix for Punjab based mills. The changes in these two major components of cost of production has substantially raised cost during the year. Although the market remained highly competitive forcing companies to improve quality and reduce price yet your company has been able to significantly increase its sales from last year.

Generally, the performance of the industry exhibited constrained growth on declined margins due to decrease in exports, high cost of production and fuel cost, delays in release of tax refunds except for the companies that had sufficient working capital lines and were able to make significant inventory gains due to rise in raw material prices. Despite of announcement of textile relief package, the government was unable to deliver on its promises and give any relief to the industry.

The textile sector is the back bone of our country's economy but unfortunately successive governments have shown little interest in the development of this sector. Our competitors like Bangladesh, Vietnam and India have gained a lot of space in the world market left by China due to its rising cost of production. Despite having the European Union's Generalized System of Preference (GSP) Plus status, we could not even maintain our export performance. Our industry is losing its competitiveness in the international market.

Principal Activities

The principal activities of the company are manufacturing and sale of yarn, fabrics, garments made ups and trading in real estate.

Spinning Segment

Although the turnover of the spinning sector has increased as compared with the corresponding period but the margins are below the industrial averages. Spinning has largely become a business where most of the profitability comes from inventory gain on timely procurement of raw materials. Unfortunately, as we do not have sufficient working capital lines we always suffer greatly due to the inability to procure raw material on time. Furthermore, saturated local market due to dumping of imported yarn also played an important role in reduced margins.

Weaving Segment

The turnover is higher as compared with the corresponding year but the bottom line remained under pressure due to depressed market situation. Greige weaving sector has been under a lot of pressure for the last couple of the years due to sluggish demand resulting in continuously falling prices. Due to shortage of working capital lines we were also unable to procure raw material in time to improve our bottom line.

Directors' Report to the Members

Under the current economic scenario, competitive international markets, continued availability of subsidized imported yarn, high energy costs, imposition of GDIC, absence of relief measures to support export oriented sector, huge stuck up refunds of GST and Income Tax and other innovative taxes continue to pose a challenge for both the Company and textile industry as a whole.

Despite the above limitations, textile industry of Pakistan has been playing pivotal role in driving our national economy with significant contribution to the industrial production, employment generation and foreign exchange earnings.

Sub-ordinated Loan

The Sponsor Directors are truly committed to the well being of the company, interest free loan of Rs. 120 million from an Executive Director still exists to support this financial situation.

Dividend

Considering the financial results of the company for the year ended June 30, 2018 the management has not recommended any dividend in this year.

In order to ensure stability and smooth operations, the management of your company is in active negotiations with some of the financial institutions for immediate rescheduling/restructuring of its financial liabilities.

Unpaid Dividend

In compliance with the provisions of Section 244 of the Companies Act, 2017, the Company sent written notices to all concerned shareholders for inviting claims of outstanding dividend for more than three years from the date on which these became due as of May 30, 2017. After the expiry of notice period, an advertisement was published in Newspapers for the information of shareholders inviting for their claims. The complete detail regarding unclaimed dividend is available at website of the Company.

Future Outlook

Going forward we expect an upward momentum for rupee devaluation which will provide some competitive edge in the form of increase in exports. Concerns remains on growth of margins due to cost side pressure because of higher energy expense, delays in release of tax refunds caused liquidity crunch, imposition of GDIC, unclear dimensions of government policies and US-China trade war. Added to this challenge are the consequences emerging out of suspension of US economic aid and its influence on the conduct of donors such as the IMF and World Bank etc. We are hopeful that the new Government will understand the internal as well as external challenges and support the textile industry by expediting the tax refunds and rebates, by providing regionally competitive gas and electricity to operate the mills at optimum capacities and revival of industry.

The company faced with these multifaceted and mounting challenges and has planned to implement major cost cutting measures across the company and is aligning itself to tackle current market threats. Your company is committed to maintain optimum quality, product diversification, exploring new markets and achieving higher production efficiencies but due to tough competition margins are continuously under pressure.

Directors' Report to the Members

SAFETY, HEALTH AND ENVIRONMENT

The company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety specially with regards to the safe production, delivery, storage and handling of the materials. Your company always ensures environmental preservation and adopts all possible means for environment protection.

CORPORATE SOCIAL RESPONSIBILITY

Social welfare and community service are integral consideration of the company. We add substantially to the national exchequer through the payment of various taxes, duties and levies and our export earnings contribute in country's foreign exchange position. We pride ourselves for being an equal opportunity employer. Your company is running initiatives in providing free meals to the less fortunate, medical consultation and free medication to the needy and clean drinking water. We take joy in stating that we have planted over 60,000 trees in our mills premises to make our surroundings healthy and green.

AUDIT COMMITTEE

This is the most prime and effective committee of the Board. It has a vital role in the compliance of internal controls to ensure safeguard of all the interest of the company, through monitoring of internal audit functions, risk management policies in the light of Terms of Reference developed by the Board. The committee recommends the appointment of the external auditors and also reviews the critical reporting made by the internal and external auditors.

The names of members of audit committee are as under:

| Name of Director | Category | Designation in Committee |
|-------------------------------|------------------------|--------------------------|
| Mr. Muhammad Ashraf Saif | Independent Director | Chairman |
| Mr. Muhammad Atta Ullah Khan | Non-Executive Director | Member |
| Mr. Abdul Hakeem Khan Qasuria | Non-Executive Director | Member |

HUMAN RESOURCE & REMUNERATION COMMITTEE

The human resource committee determines the compensation packages for all cadres of the company's employees according to the terms of reference of Committee. The committee is also responsible to create and maintain conducive working environment that instill trust and ensure respect, fair treatment, development opportunity and grooming and make succession plans for all employees. We feel that human resource is key element in our business strategy.

The names of members of HRR committee are as under:

| Name of Director | Category | Designation in Committee |
|-------------------------------|------------------------|--------------------------|
| Mr. Muhammad Ashraf Saif | Independent Director | Chairman |
| Mr. Muhammad Ikram ul Haq | Non-Executive Director | Member |
| Mr. Abdul Hakeem Khan Qasuria | Non-Executive Director | Member |

Directors' Report to the Members

The Board of Directors had also formed the following Management Committees and advised them their respective terms of reference to run the affairs of Company:

Executive Committee

The executive committee is responsible for setting overall corporate objectives and strategies, identification of opportunities, monitoring the business strategies and plans and there after the successful implementation of those plans. One of the major roles of the committee is to change the management policies and role of the company as required under the changing requirements of local and international customers, keeping in view the strengths and weaknesses of the company, so that the best possible results could be achieved.

The names of Members of Executive Committee are as under:

| Name of Director | Category | Designation in Committee |
|------------------------------|-------------------------|--------------------------|
| Mr. Fareed Mughis Sheikh | Executive Director/ CEO | Chairman |
| Mr. Muhammad Tariq | Executive Director | Member |
| Mr. Muhammad Atta ullah Khan | Non-Executive Director | Member |

Technical Committee

The technical committee acts in an advisory capacity to the CEO, provides recommendation relating to the technical affairs of the company, formulation of technical policies required under the code of corporate governance specially keeping in view the environment protection plans of the Government. It is also responsible for overall factory operations, achievement of desired quality, production targets and efficiency of the mechanical works. This is also empowered to deal with the day to day technical issues under authorized limits.

The names of Members of Technical Committee are as under:

| Name | Category | Designation in Committee |
|--------------------------|-------------------------|--------------------------|
| Mr. Fareed Mughis Sheikh | Executive Director/ CEO | Chairman |
| Mr. Muhammad Tariq | Executive Director | Member |
| Mr. Muhammad Shoaib Khan | Director Technical | Member |

Finance Committee

The role of the finance committee is to review and recommend the financial targets, annual and quarterly budgets, approval of the expenditures for amounts within its limits, investments of the surplus funds of the company and financial policies and controls including the policies required under the code of corporate governance. The committee works under the guidance of CEO.

The names of Members of Finance Committee are as under:

| Name | Category | Designation in Committee |
|----------------------------|-------------------------|--------------------------|
| Mr. Fareed Mughis Sheikh | Executive Director/ CEO | Chairman |
| Mr. Atta Mohyuddin Khan | Chief Financial Officer | Member |
| Mr. Bilal Ahmed Khan Niazi | General Manager Finance | Member |

Directors' Report to the Members

Social Compliance and Human Resource Committee

A major factor in your company's success is its highly skilled and motivated workforce. Our strength comes from our people. We can rightly take pride in fact that Human Resources have always been given a high priority. Today, when we look back on past years, we can see that while our objectives may have changed along the way, our human resource policies have always been based on the underlying values of fairness, merit, equal opportunity and social responsibility. These values manifest themselves in our policies of recruitment, performance appraisal, training and development, health and safety and industrial relations.

The names of Members of Social Compliance and Human Resource Committee are as under:

| Name | Category | Designation in Committee |
|------------------------------|-------------------------|--------------------------|
| Mr. Fareed Mughis Sheikh | Executive Director/ CEO | Chairman |
| Mr. Muhammad Atta Ullah Khan | Non-Executive Director | Member |
| Mr. Atta Mohyuddin Khan | Chief Financial Officer | Member |

Board of Directors

The Board of Directors consist of seven members and responsible to manage the Company's affairs in a transparent manner to achieve the sustainable growth of business.

Presently, the Board consists of seven male members, the requirement of gender representation on the Board will be met in due course of time.

Category wise composition of Board is as under:

| Category | Number of Directors |
|-------------------------|---------------------|
| Independent Directors | 01 |
| Non-Executive Directors | 04 |
| Executive Directors | 02 |

Requirement of Code of Corporate Governance (the listed Companies (Code of Corporate Governance) Regulations, 2017) in respect of representation at least two Independent Directors on the Board will be complied with at the time of election of Directors.

During the year under review five meetings of the Board of Directors, four meetings of the audit committee and one meeting of human resource & remuneration committee were held. Attendance in the meetings by each director was as under:

| Directors' Name | Board of Directors | Audit Committee | HRR Committee |
|-------------------------------|--------------------|-----------------|---------------|
| Mr. Mughis A. Sheikh | 04 | - | - |
| Mr. Fareed Mughis Sheikh | 05 | - | - |
| Mr. Muhammad Tariq | 05 | - | - |
| Mr. Muhammad Atta Ullah Khan | 05 | 04 | - |
| Mr. Muhammad Ashraf Saif | 05 | 04 | 01 |
| Mr. Abdul Hakeem Khan Qasuria | 04 | 04 | 01 |
| Mr. Muhammad Ikram ul Haq | 05 | - | 01 |

Leave of absence was granted to directors who have not attended the meetings.

Code of Ethics and Business Practices has been developed and are communicated and acknowledged by each Director and employee of the company.

Directors' Report to the Members

Directors' Remuneration

Aggregate amount of Rs. 13.8 million was paid as remuneration to the Executive Directors whereas Rs. 0.965 million was paid to Board Members against meeting fee. After the balance sheet date, remuneration of chief executive officer and executive director was revised in July 2018.

Board Evaluation

Pursuant to Listed Companies (Code of Corporate Governance) Regulations, 2017, the Board of Directors approved comprehensive mechanism for evaluation of Board's own performance and its Committees. The terms of reference have been advised to Human Resource and Remuneration Committee for this purpose.

Chairman's Review

The Board has considered the Chairman's review to the Members and have also been annexed to the annual report.

Code of Conduct

The Directors of your Company have developed Code of Conduct with set procedures. Copies of Code have duly been acknowledged by all the concerned.

Principal Risks

The Company exposed to principal risk, if any, is explained in the Notes to the Financial Statements.

Statement of Compliance

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 duly reviewed by the Auditors is attached with annual report.

Corporate Governance

The management ensures that all requirements of the Code of Corporate Governance were complied with. The statement of compliance with the best practices of Code of Corporate Governance is annexed.

Pattern of Shareholding and Information Under Clause XIX(I) Of The Code of Corporate Governance

The pattern of shareholding and information under clause XIX (i) of the Code of Corporate Governance as on June 30, 2018 is annexed.

External Auditor

The present auditors M/S Tariq Abdul Ghani Maqbool & Company, Chartered Accountants, retire and audit committee and board of directors have recommended their reappointment for the ensuing year.

Directors' Report to the Members

The auditors have conveyed that they have been assigned satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and the firm is fully compliant with code of ethics issued by the International Federation of Accountants (IFAC). Further they are not rendering any related services to the company. The auditors have also confirmed that neither the firm nor any of their partners, their spouses and minor children at any time during the year held or traded in the shares of the company.

Web Presence

Annual and periodic financial statements of the Company are also available on www.colonytextiles.com

Corporate And Financial Reporting Framework

In compliance with the Code of Corporate Governance, we are giving below statements on Corporate and Financial Reporting Framework.

- The financial statements prepared by the management of the company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- Proper books of account of the company as per statutory requirements have been maintained.
- Code of Ethics and Business Practice has been developed and are communicated and acknowledged by each director and employee of the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applied in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has effectively implemented and monitored.
- Statement of Compliance with the Code of Corporate Governance is enclosed with this report and this report was found to be in order after review by the auditors.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no departure from the best practices of the code of corporate governance, as detailed in the listing regulations.
- The company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.
- No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which the balance sheet relates and the date of the Director's Report, except for disclose in the financial statements.
- Key operating and financial data since incorporation is annexed in summarized form.
- The directors have not recommended any dividend in view of current financial scenario.
- Information about outstanding taxes and other Government levies are given in related note(s) to the accounts.
- The annexed audited accounts give the detail of outstanding taxes and levies.
- The company operates a contributory provident fund scheme for all employees and defined benefits gratuity fund scheme for its managerial and non managerial staff.

Directors' Report to the Members

The net value of investment in their respective accounts is as under:

| | |
|-----------------|--------------------|
| Provident Funds | Rs. 102.57 million |
| Gratuity Funds | Rs. 81.76 million |

- The directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transactions in the company's shares during the year.

Post Balance Sheet Events

No material changes and commitments affecting the financial position of the Company have occurred between the end of financial year and the date of the report.

Acknowledgement

We would like to place on record our deep appreciation for the efforts of the executives, officers and other staff members for their hard work, cooperation and sincerity to the company in achieving the best possible results. The board also wishes to record the appreciation to all banks for their continued support to the company. The management is quite confident that these relations and cooperation will continue in the coming years.

On behalf of the Board of Directors



Muhammad Ikram ul Haq
Director



Fareed Mughis Sheikh
Chief Executive Officer

Lahore
October 05, 2018

Financial Highlights

| | Year Ended | Year Ended | Year Ended | Year Ended | Year Ended |
|---|---------------|---------------|---------------|---------------|---------------|
| | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| | (Rupees 000) | (Rupees 000) | (Rupees 000) | (Rupees 000) | (Rupees 000) |
| Operating performance | | | | | |
| Sales-net | 16,595,202 | 13,545,840 | 11,719,850 | 15,957,105 | 22,285,945 |
| Gross profit | 1,258,601 | 1,002,575 | 247,653 | 724,310 | 1,674,162 |
| Profit/(Loss) before taxation | 288,694 | 315,350 | (895,582) | (841,851) | (33,683) |
| Profit/(Loss) after taxation | 40,194 | 97,130 | (889,811) | (896,757) | (234,283) |
| Financial position | | | | | |
| Property, plant & equipment | | | | | |
| Property, plant and equipment-net | 18,398,892 | 18,544,860 | 19,157,470 | 19,103,555 | 18,703,906 |
| Capital work in progress | 96,428 | 359,238 | 453,483 | 687,404 | 1,319,460 |
| | 18,495,320 | 18,904,098 | 19,610,953 | 19,790,959 | 20,023,366 |
| Current assets | | | | | |
| Stores, spare parts, loose tools and stock in trade | 5,688,638 | 5,414,842 | 5,398,410 | 5,492,361 | 5,421,034 |
| Other current assets | 2,123,754 | 1,677,033 | 1,428,806 | 1,422,594 | 1,825,161 |
| Cash and cash equivalents | 38,412 | 40,283 | 56,885 | 58,271 | 64,881 |
| | 7,850,804 | 7,132,158 | 6,884,101 | 6,973,226 | 7,311,076 |
| Current liabilities | | | | | |
| Short term bank borrowings | 3,890,441 | 4,014,668 | 4,302,009 | 4,315,040 | 4,495,475 |
| Current portion of long term financing | 1,970,534 | 1,654,552 | 1,456,685 | 1,021,787 | 1,705,848 |
| Other current liabilities | 3,379,526 | 3,163,196 | 3,361,196 | 3,302,093 | 2,675,167 |
| | 9,240,501 | 8,832,416 | 9,119,890 | 8,638,920 | 8,876,490 |
| Number of shares (in thousand) | 498,010 | 498,010 | 498,010 | 498,010 | 498,010 |
| Ratios | | | | | |
| Gross profit ratio | 7.58% | 7.40% | 2.11% | 4.54% | 7.51% |
| Net profit ratio | 0.24% | 0.72% | (7.59%) | (5.62%) | (1.05%) |
| Earning per share | 0.08 | 0.20 | (1.79) | (1.80) | (0.47) |
| Current ratio | 0.85 | 0.81 | 0.75 | 0.81 | 0.82 |
| Capital structure ratio | | | | | |
| Debt to equity | 0.47 | 0.49 | 0.53 | 0.51 | 0.56 |

The key financial figures are given only for the period since the company listed on Stock Exchange.

Statement of Compliance of the Code of Corporate Governance for the Year ended June 30, 2018

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

Name of Company: Colony Textile Mills Limited
Year ending: June 30, 2018

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

- 1) The total number of directors are 7 as per the following:
 - a. Male: 07
 - b. Female: -

The requirement of induction of female director on the Board will be met at the time of reconstitution of Board or earlier as the case may be.
- 2) The composition of board is as follows:

| | |
|----------------------------|----|
| a. Independent Directors: | 01 |
| b. Non-Executive Director: | 04 |
| c. Executive Directors: | 02 |
- 3) The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 4) The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 5) The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 6) All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7) The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The Board has complied with the requirements of Act and Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
- 8) The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9) The Board has arranged director's training program for the following:
 - a. Mr. Muhammad Atta Ullah Khan
 - b. Mr. Abdul Hakeem Khan Qasuria
- 10) The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements.
- 11) CFO and CEO duly endorsed the Financial Statements before approval of the board.
- 12) The board has formed committees comprising of members given below:

Statement of Compliance of the Code of Corporate Governance for the Year ended June 30, 2018

a) Audit Committee

| Name of Director | Category | Designation in Committee |
|-------------------------------|------------------------|--------------------------|
| Mr. Muhammad Ashraf Saif | Independent Director | Chairman |
| Mr. Muhammad Atta Ullah Khan | Non Executive Director | Member |
| Mr. Abdul Hakeem Khan Qasuria | Non Executive Director | Member |

b) HR and Remuneration Committee

| Name of Director | Category | Designation in Committee |
|-------------------------------|------------------------|--------------------------|
| Mr. Muhammad Ashraf Saif | Independent Director | Chairman |
| Mr. Muhammad Ikramul Haq | Non-Executive Director | Member |
| Mr. Abdul Hakeem Khan Qasuria | Non-Executive Director | Member |

The Board has developed other Management Committees to run the affairs of the Company efficiently. The composition of these committees have been disclosed in Directors' Report.

- 13) The terms of reference of the aforesaid Committees have been formed, documented and advised to the committees for compliance.
- 14) The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) Audit Committee: Quarterly during the year
 - b) HR and Remuneration Committee: Once during the year
- 15) The Board has set up an effective internal audit function, the members of internal audit team are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- 16) The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP.
- 17) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 18) We confirm that all other requirements of the Regulations have been complied with.

Mughis A. Sheikh
Chairman
Lahore
October 05, 2018

Independent Auditors' Review Report of Colony Textile Mills Limited Review Report on Statement of Compliance Listed Companies contained in (Code of corporate governance) Regulations, 2018

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

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

October 05, 2018
Lahore



Tariq Abdul Ghani Maqbool and Company
Chartered Accountants
Malik Haroon Ahmed

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

Opinion

We have audited the annexed financial statements of **Colony Textile Mills Limited** (the Company), which comprise the statement of financial position as at 30 June 2018, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit and statement of other comprehensive profit, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

Following are the Key Audit Matters:

| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|---|---|
| (I) | <p>First time application of third and fourth schedules to the Companies Act, 2017</p> <p>As referred to in note 3.01 to the annexed financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the said note 3.02) relating to disclosures required in the Company's financial statements due to the Companies Act 2017</p> | <p>Our audit procedures included the following:</p> <p>Considering the management's process to identify the necessary amendments required in the Company's financial statements.</p> <p>Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business.</p> <p>Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.</p> |

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditors' report is Malik Haroon Ahmed.

Dated: October 05, 2018
Lahore



Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

| | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|--|------|------------------------|------------------------|
| EQUITY AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorised share capital | 8 | 5,300,000 | 5,300,000 |
| Issued, subscribed and paid up capital | 9 | 4,980,100 | 4,980,100 |
| Reserve arising on amalgamation | | 3,156,388 | 3,156,388 |
| Revaluation surplus on property, plant and equipment | 21 | 12,644 | 12,644 |
| General reserves | | 4,702 | 4,702 |
| Unappropriated losses | | (228,300) | (268,780) |
| Surplus on remeasurement of investments | | 1,080 | 958 |
| | | 7,926,614 | 7,886,012 |
| Non-Current Liabilities | | | |
| Long term financing | 10 | 6,922,229 | 7,344,325 |
| Directors' subordinated loan | 11 | 120,000 | 120,000 |
| Liabilities against assets subject to finance lease | 12 | 21,321 | 36,961 |
| Deferred liabilities | 13 | 3,090,832 | 2,824,687 |
| | | 10,154,382 | 10,325,973 |
| Current Liabilities | | | |
| Trade and other payables | 14 | 1,326,693 | 1,521,210 |
| Short term borrowings | 15 | 3,890,441 | 4,014,668 |
| Accrued mark up | 16 | 1,849,891 | 1,575,516 |
| Unclaimed dividend | | 94 | 1,319 |
| Current portion of long term liabilities | 17 | 1,970,534 | 1,654,552 |
| Provision for taxation | 18 | 202,848 | 65,151 |
| | | 9,240,501 | 8,832,416 |
| Contingencies and commitments | 19 | - | - |
| | | 27,321,497 | 27,044,401 |



Chief Financial Officer



Director

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

| | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---|------|--------------------------|--------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 20 | 18,495,320 | 18,904,098 |
| Investment property | 21 | 495,658 | 489,160 |
| Long term investments | 22 | 428,745 | 469,073 |
| Long term deposits | | 50,970 | 49,912 |
| | | <u>19,470,693</u> | <u>19,912,243</u> |
| Current Assets | | | |
| Stores, spare parts and loose tools | 23 | 273,304 | 259,133 |
| Stock in trade | 24 | 5,415,334 | 5,155,709 |
| Trade debts | 25 | 694,187 | 551,095 |
| Loans and advances | 26 | 281,823 | 181,161 |
| Trade deposits and short term prepayments | 27 | 151,855 | 116,195 |
| Other financial assets | 28 | 27 | 41 |
| Tax refunds due from the Government | 29 | 995,862 | 828,541 |
| Cash and bank balances | 30 | 38,412 | 40,283 |
| | | <u>7,850,804</u> | <u>7,132,158</u> |
| | | <u><u>27,321,497</u></u> | <u><u>27,044,401</u></u> |

The annexed notes from 01 to 52 form an integral part of these financial statements.

Chief Executive Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

| | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|--|------|------------------------|------------------------|
| Sales - net | 31 | 16,595,202 | 13,545,840 |
| Cost of sales | 32 | 15,336,601 | 12,543,265 |
| Gross profit | | 1,258,601 | 1,002,575 |
| Operating expenses: | | | |
| Distribution cost | 33 | 202,682 | 179,258 |
| Administrative expenses | 34 | 253,488 | 233,476 |
| | | 456,170 | 412,734 |
| Operating profit | | 802,431 | 589,841 |
| Finance cost | 35 | 703,830 | 735,519 |
| Other operating charges | 36 | 40,938 | 651 |
| | | 744,768 | 736,170 |
| Other income | 37 | 231,031 | 461,679 |
| Profit before taxation | | 288,694 | 315,350 |
| Taxation | 38 | 248,500 | 218,220 |
| Profit after tax for the year | | 40,194 | 97,130 |
| | | Rupees | Rupees |
| Earning per share - basic and diluted | 39 | 0.08 | 0.20 |

The annexed notes from 01 to 52 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

| | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---|------|------------------------|------------------------|
| Profit for the year | | 40,194 | 97,130 |
| Other comprehensive income: | | | |
| Items that will not be reclassified to statement of profit or loss: | | | |
| Remeasurement of defined benefit obligation | | 380 | (1,232) |
| Deferred tax thereon | | (94) | 296 |
| | | 286 | (936) |
| Items that may be reclassified to statement of profit or loss: | | | |
| Net fair value gain on available for sale investment | | 122 | 484 |
| Total comprehensive income for the year | | 40,602 | 96,678 |

The annexed notes from 01 to 52 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

| | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---|------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 48 | 1,061,699 | 881,961 |
| Finance cost paid | | (72,787) | (122,174) |
| Staff retirement benefit paid | | (38,405) | (64,496) |
| Income tax paid | | (258,533) | (114,151) |
| | | (369,725) | (300,821) |
| Net cash generated from operating activities | | 691,974 | 581,140 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (446,451) | (634,064) |
| Proceeds from disposal of property, plant and equipment | | 870 | 350 |
| Long term deposits | | (1,058) | (262) |
| Net cash used in investing activities | | (446,639) | (633,976) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term finances (repaid)/received | | (113,958) | 320,194 |
| Lease rentals - net | | (7,796) | 3,381 |
| Unclaimed dividend paid | | (1,225) | - |
| Short term borrowings - net | | (124,227) | (287,341) |
| Net cash generated (used in)/from financing activities | | (247,206) | 36,234 |
| Net decrease in cash and cash equivalents | | (1,871) | (16,602) |
| Cash and cash equivalents at beginning of the year | | 40,283 | 56,885 |
| Cash and cash equivalents at end of the year | | 38,412 | 40,283 |

The annexed notes from 01 to 52 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

| | Share capital | Reserve arising on amalgamation | Revaluation surplus on property, plant and equipment | Revenue reserves | | Surplus on re-measurement of investments | Total |
|---|---------------|---------------------------------|--|------------------|------------------------------|--|-----------|
| | | | | General Reserves | Unappropriated profit/(loss) | | |
| Rupees ('000') | | | | | | | |
| Balance as at 30 June 2016 | 4,980,100 | 3,156,388 | - | 4,702 | (364,974) | 474 | 7,776,690 |
| Total Comprehensive Income for the year | | | | | | | |
| Profit for the year | - | - | - | - | 97,130 | - | 97,130 |
| Surplus on revaluation of property, plant and equipment | - | - | 12,644 | - | - | - | 12,644 |
| Remeasurement of defined benefit obligation | - | - | - | - | (936) | - | (936) |
| Net fair value gain on available for sale investment | - | - | - | - | - | 484 | 484 |
| Total comprehensive income for the year | - | - | 12,644 | - | 96,194 | 484 | 109,322 |
| Balance as at 30 June 2017 | 4,980,100 | 3,156,388 | 12,644 | 4,702 | (268,780) | 958 | 7,886,012 |
| Profit for the year | - | - | - | - | 40,194 | - | 40,194 |
| Remeasurement of defined benefit obligation | - | - | - | - | 286 | - | 286 |
| Net fair value gain on available for sale investment | - | - | - | - | - | 122 | 122 |
| Total comprehensive income for the year | - | - | - | - | 40,480 | 122 | 40,602 |
| Balance as at 30 June 2018 | 4,980,100 | 3,156,388 | 12,644 | 4,702 | (228,300) | 1,080 | 7,926,614 |

The annexed notes from 01 to 52 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.01** Colony Textile Mills Limited ("the Company") is a public company limited by shares incorporated in Pakistan on 12 January 2011 under the provisions of the Companies Ordinance, 1984. The company is listed on Pakistan Stock Exchange Limited. The registered office of the company is located at M. Ismail Aiwan-i-Science, Ferozepur Road, Lahore, Pakistan. The principal activity of the company is manufacturing and sale of yarn, fabric, garments made ups and trading in real estate.

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

| Location | Purpose |
|--|---------------|
| M. Ismail Aiwan-i-Science Building Ferozepur Road, Lahore. | Head Office |
| 4km Raiwind Manga Road, Raiwind, District Kasur. | Weaving Unit |
| Sher Shah Road Ismailabad, Multan. | Spinning Unit |

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

Due to first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.

The accounting policy for surplus on revaluation of property, plant and equipment was changed during the year. Consequently, the amount of surplus on revaluation of property, plant and equipment reported outside the equity in the prior years has been reclassified to equity.

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

3 BASIS OF PREPARATION

3.01 Statement of compliance

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

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

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

3.02 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

- Standards, amendments to published standards and interpretations effective in current year

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

| | |
|--------|--|
| IAS 7 | Statement of Cash Flows - Disclosure Initiative - (Amendment) |
| IAS 12 | Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments) |

The adoption of the above improvements to accounting standards and interpretations are not likely to have an impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

- Standards, interpretations and amendments to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

| Standard or Interpretation | Effective Date (Annual periods beginning on or after) |
|---|---|
| IFRS 2 - Classification and measurement of share based payment transactions (Amendments) | 01 January 2018 |
| IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments) | 01 January 2018 |
| IFRS 9 - Financial Instruments | 01 July 2018 |
| IFRS 9 - Prepayment Features with Negative Compensation - (Amendments) | 01 January 2019 |
| IFRS 15 - Revenue from Contracts with Customers | 01 January 2018 |
| IFRS 16 - Leases | 01 January 2019 |
| IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments) | 01 January 2019 |
| IAS 28 - Long term Interests in Associates and Joint Ventures (Amendments) | 01 January 2019 |
| IAS 40 - Transfer of Investment Property (Amendments) | 01 January 2018 |
| IFRIC 22 - Foreign Currency Transactions and Advance Consideration | 01 January 2018 |
| IFRIC 23 - Uncertainty over Income Tax Treatments | 01 January 2019 |

The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for the Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

| Standard or Interpretation | Effective Date (Annual periods beginning on or after) |
|--|---|
| IFRS 14 - Regulatory Deferral Accounts | 01 January 2018 |
| IFRS 17 - Insurance contracts | 01 January 2021 |

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

4 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

5 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value, investment on equity basis, certain liabilities at amortized cost, investment property and certain other investments at fair value. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

6 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

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

- Useful life of depreciable assets;
- Provision for doubtful receivables and slow moving stores, spares and loose tools;
- Provision for current tax and deferred tax;
- Staff retirement benefits;
- Net realisable value of stock-in-trade; and
- Impairment of assets.

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 adjustments to the carrying amounts of assets and liabilities in the next year.

7 SIGNIFICANT ACCOUNTING POLICIES

7.01 Staff retirement benefits

The Company operates two plans for its employees:

Defined contribution plan

The Company operates recognised defined contributory provident fund for all eligible employees to which monthly contributions are made to cover the obligation. The Company and its employees make equal monthly contributions at the rate of 8.33 percent of basic salary.

Defined benefit plan

The Company operates a defined benefit plan for all its eligible employees who have completed their minimum qualifying period of service with the Company. Provisions are made in the financial statements to cover obligation on the basis of actuarial valuation using the Projected Unit Credit Method. Any actuarial gain or loss arisen is recognized immediately in other comprehensive income.

7.02 Taxation

Current

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

Deferred

Deferred tax liability is accounted for in respect of all taxable temporary differences at the balance sheet date arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in computation of taxable profits. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses, provisions and tax credits to that extent it is probable that taxable profit will be available in future against which the deductible temporary differences can be utilized. 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 Institute of Chartered Accountants of Pakistan.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

7.03 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses (if any) except freehold land which is stated at cost and fully depreciated assets which are carried at residual value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to statement of profit or loss by applying reducing balance method to write off the cost over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipments. Depreciation on addition to property, plant and equipment is charged from the date when asset is available for use up to the date of its de-recognition.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains / losses on disposal of fixed assets are included in current year's income.

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

Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged on the basis similar to owned assets applying reducing balance method to write off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of the lease period.

Insurance and other maintenance costs are borne by the Company.

Financial charges and depreciation on leased assets are charged to income currently.

7.04 Investment property

Property held to earn rentals and/or for capital appreciation is classified as investment property. Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value, which effect market conditions at reporting date. Gains and losses arising from the change in fair value of properties are included in profit and loss in the year in which they arise. Fair values are determined based on an annual evaluation performed by an independent valuer.

In case of change in use of property from owner occupied property to investment property that will be carried at fair value, company has applied IAS-16 upto the date of change in use. The difference at that date between carrying amount and fair value has been accounted for in the same way as a revaluation in accordance with IAS-16.

7.05 Investments

Recognition

Investments in securities are recognized on settlement date basis of accounting.

Measurement

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets designated upon initial recognition as at fair value through profit and loss and financial assets held for trading. On subsequent reporting date these are measured at fair value and unrealized gains and losses arising from change in fair values are recognized in statement of profit or loss in the period in which these arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Held for trading securities are either acquired for generating a profit from short term fluctuations in prices or securities included in a portfolio in which a pattern of short term profit taking exists. These investments are initially measured at fair value being the consideration given. On subsequent reporting dates, these are measured at fair values on quoted market price and unrealized gains and losses arising from changes in the fair values are recognized in the profit and loss of the period in which these arise.

(ii) Investments held to maturity

These are securities with fixed or determinable payments and fixed maturity where the Company has a positive intent and ability to hold till maturity. These are initially measured at fair value being the consideration given plus transactions' costs that are attributable to the acquisition of these investments. At subsequent reporting dates, these are measured at amortized cost using effective interest rate method. Mark-up calculated using the effective interest rate method is recognized in the profit and loss account. Impairment loss, if any, is recognized in the statement of profit or loss in the period in which it arises.

(iii) Investments available for sale

These represent investments that do not fall under "financial assets at fair value through profit and loss" or "held to maturity" categories. These are initially recognized at fair value being the consideration given plus transaction costs that are attributable to the acquisition of these investments. On subsequent reporting date, these investments are remeasured at fair values on quoted market prices. Unrealized gains and losses arising from changes in the fair value of investments are recognized directly in equity through other comprehensive income until the investment is derecognized. Impairment loss, if any, is recognized in the statement of profit or loss in the period in which it arises.

(iv) Investments in associates and related parties

Investment in associates and related parties where the Company can exercise significant influence; has intention and ability to hold the investment for more than twelve months of acquisition and are not held for sale are accounted for using the equity method of accounting. Impairment in value, if any, is recognized in the statement of profit or loss in the period in which it arises.

Investment in associates and related parties where the Company can not exercise significant influence are accounted for at fair value through profit and loss.

(v) Investment in unquoted securities

Investment in unquoted securities are initially measured at cost. Impairment loss, if any, is charged to income.

7.06 Contingencies

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

7.07 Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Cost is calculated using moving average method except for items in transit which are valued at cost comprising invoice value plus other charges paid thereon till the balance sheet date. Provision is made against obsolete items.

7.08 Stock in trade

Basis of valuation are as follows:

Particulars

Raw materials:

At mills

At lower of weighted average cost and net realizable value

In-transit

At cost accumulated to the balance sheet date

Work in process

At average manufacturing cost

Finished goods

At lower of average manufacturing cost and net realizable value

Waste

At net realizable value

Cost in relation to work in process and finished goods represents the average manufacturing cost which consists of prime cost and attributable production overheads.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

7.09 Trade debts and other receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivable balances based on review of outstanding amounts at year end. Bad debts are written off when identified.

7.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at banks.

7.11 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on the accrual basis. 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 or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

7.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services.

7.13 Provisions

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

7.14 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing a significant financial deficiency, default of delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Non financial assets

The company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the carrying amount that would have been determined, had no impairment loss been recognized for assets in prior year. Reversal of impairment loss is recognized as income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

7.15 Revenue recognition

- (i) Local sales are recorded when goods are delivered to customers and invoices raised.
- (ii) Export sales are booked on shipment basis.
- (iii) Processing charges are recorded when goods are delivered to customers and invoices raised.
- (iv) Dividend income is recognized when the right to receive payment is established.
- (v) Profits on short term deposits is accounted for on time apportioned basis on the principal outstanding and at the rate applicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

7.16 Related parties

- a) Employees Provident Fund
- b) Directors and key management personnel

7.17 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

7.18 Dividend

Dividend is recognized as liability in the period in which it is declared.

7.19 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the balance sheet date and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to income.

7.20 Financial instruments

All financial assets and financial liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and financial liabilities are subsequently measured at fair value, amortized cost as the case may be. All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. Any gain/loss on de-recognition and on remeasurement of such financial instruments other than investments available for sale, is included in the profit/loss for the period in which it arises.

7.21 Off Setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, when there is a legally enforceable right to set off the recognized amounts and the Company intends to either settle on net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liabilities is also offset.

7.22 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

7.23 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has two reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibres) and Weaving (Producing different quality of fabric using yarn).

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

7.24 Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| | | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---|-------------|--------------------------------|--------------------------------|
| 8 AUTHORIZED SHARE CAPITAL | Note | | |
| 185,000,000 (2017: 185,000,000) ordinary shares of Rs. 10/- each | | 1,850,000 | 1,850,000 |
| Capital of merged companies | | | |
| 345,000,000 (2017: 345,000,000) ordinary shares of Rs. 10/- each | | 3,450,000 | 3,450,000 |
| | | <u>5,300,000</u> | <u>5,300,000</u> |
| 9 ISSUED, SUBSCRIBED AND PAID UP CAPITAL | | | |
| 20,000 (2017: 20,000) ordinary shares of Rs. 10/- each issued as fully paid in cash shares | | 200 | 200 |
| 497,989,959 (2017: 497,989,959) fully paid in cash ordinary shares of Rs. 10/- each issued to the shareholders of amalgamated entities | | 4,979,900 | 4,979,900 |
| | | <u>4,980,100</u> | <u>4,980,100</u> |
| <p>- Fully paid ordinary shares, which have a par value of Rs. 10/-, carry one vote per share and carry right to dividends.</p> <p>- There are no rights, preferences and restrictions attached to any class of shares including restrictions on the distribution of the dividends and the repayment of capital.</p> <p>- There are no shares reserved for issue under options and contracts for the sale of shares.</p> | | | |
| 10 LONG TERM FINANCING | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
| From banking companies-Secured | | | |
| Name of the Bank | | | |
| The Bank of Punjab | 10.01 | 6,490,871 | 6,590,871 |
| Soneri Bank Limited | 10.02 | 671,389 | 671,389 |
| National Bank of Pakistan | 10.03 | 586,844 | 586,844 |
| Bank Islami Pakistan Limited (formerly KASB Bank Limited) | 10.04 | 554,761 | 554,761 |
| Silk Bank Limited | 10.05 | 359,257 | 373,215 |
| Habib Bank Limited | 10.06 | 99,962 | 99,962 |
| Faysal Bank Limited | 10.07 | 88,393 | 88,393 |
| | | <u>8,851,477</u> | <u>8,965,435</u> |
| Less: Current portion | 17 | <u>1,929,248</u> | <u>1,621,110</u> |
| | | <u>6,922,229</u> | <u>7,344,325</u> |
| <p>10.01 This loan facility has been restructured as on 28 December 2017 by allowing one year moratorium. Total tenure of the loan is 15 years (60 quarters) from 31-12-2017 to 30-09-2031. Mark up is payable on quarterly basis at cost of funds less administrative cost of the preceding quarter. This facility is secured by joint pari passu charge on fixed and current assets of the company.</p> <p>10.02 The facility has been obtained from Soneri Bank Limited and is to be repaid in equal installments ending on 31 December 2021. Mark-up is payable at the rate of 3 month KIBOR (2017: 03 month KIBOR) per annum. The loan is secured against hypothecation charge over PPE and existing joint pari passu charge over fixed assets including land of the Company.</p> <p>10.03 This loan facility has been obtained from National Bank of Pakistan and is repayable in quarterly installments. Mark-up is payable at the rate of 3month KIBOR plus 2.5% (2017: 3month KIBOR plus 2.5%) per annum. The loan is secured against first pari passu /first joint pari passu charge over fixed assets of the Company.</p> <p>10.04 This facility has been obtained from Bank Islami Pakistan Limited (Formerly KASB Bank Limited) with restructuring on November 2012. The loan is repayable in monthly installments ending on 31 December 2022. Mark-up is accrued on the basis of 3 months KIBOR (2017: 3 months KIBOR) per annum payable in two years through 24 equal monthly installments starting after settlement of principal payment in December 2022 by the Company. The loan is secured against ranking & joint pari passu charge on the assets of the Company.</p> <p>Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.</p> | | | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

10.05 This loan has been obtained from Silk Bank Limited. The purpose of this facility is restructuring/rescheduling of existing principal liability outstanding against RF, FAPC against exports and accrued mark up. TF-1 is repayable in 48 quarterly installments ending on 15 Jan 2029 and TF-2 is repayable in 12 quarterly installments ending on 15 Jan 2032. Mark up is payable at Silk Bank's cost of fund minus 2%. The loan is secured against first joint pari passu charge of Rs. 280 million over all present and future current assets of the company and ranking charge of Rs. 314 million.

10.06 This loan has been obtained from Habib Bank Limited. The loan is repayable in 16 equal quarterly installments. Mark up is payable at the rate of 3 months KIBOR plus 2.5% (2017: 3 months KIBOR plus 2.5%). This finance facility is secured against joint parri passu charge on fixed assets of the company.

10.07 This loan facility has been obtained from Faysal Bank Limited and is repayable in quarterly installments, with final maturity on 30 September 2023. Mark-up is payable at the rate of 3 months KIBOR (2017: 3 month KIBOR) per annum and is payable quarterly. The loan is secured against second ranking pari passu charge over fixed assets of the Company.

| | | 2018 Rupees ('000') | 2017 Rupees ('000') |
|--|-------------|------------------------|------------------------|
| 11 DIRECTORS' SUBORDINATED LOAN | Note | | |
| Directors' subordinated loan | 11.01 | 120,000 | 120,000 |

11.01 This is unsecured and interest free loan obtained from sponsor director, and is not repayable within next twelve months from the balance sheet date. This loan is subordinated to the liabilities of financial institutions.

12 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

| | | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---|-------|------------------------|------------------------|
| Present value of minimum lease payments | 12.02 | 62,607 | 70,403 |
| Less: Current portion | 17 | (41,286) | (33,442) |
| | | 21,321 | 36,961 |

12.01 This represents machinery under sale and lease back agreements. The principal plus financial charges are payable over the lease period in quarterly installments as per respective agreements ending in the month of May 2023. The liability as at balance sheet date represents the present value of total minimum lease payments discounted at 6.43% to 9.93% (2017: 6.11% to 10.16%) per annum being the interest rates implicit in leases. The purchase option is available to the Company on payment of last installment and surrender of deposit at the end of lease period and the Company intends to exercise this option. Reconciliation of minimum lease payments and their present values is given below:

The amount of future payments and the years in which these will become due are:

| | | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---|-------|------------------------|------------------------|
| Not later than one year | | 41,408 | 31,563 |
| Later than one year but not later than five years | | 49,142 | 64,705 |
| | | 90,550 | 96,268 |
| Less: Financial charges allocated to future periods | | (27,943) | (25,865) |
| Present value of minimum lease payments | 12.02 | 62,607 | 70,403 |
| Less: Current portion | | (41,286) | (33,442) |
| | | 21,321 | 36,961 |
| 12.02 Present value of minimum lease payments | | | |
| Due not later than one year | | 41,286 | 33,442 |
| Due later than one year but not later than five years | | 21,321 | 36,961 |
| | | 62,607 | 70,403 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| 13 | DEFERRED LIABILITIES | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|----|---------------------------|-------|------------------------|------------------------|
| | Deferred taxation | 13.01 | 281,314 | 261,629 |
| | Deferred mark up | 13.02 | 2,727,761 | 2,505,567 |
| | Staff retirement benefits | 13.03 | 81,757 | 57,491 |
| | | | <u>3,090,832</u> | <u>2,824,687</u> |

13.01 Deferred taxation

Deferred taxation comprises of the following:

Deferred tax liability on taxable temporary differences

in respect of the following:

- Accelerated tax depreciation allowance

2,482,934 2,419,086

Deferred tax asset on deductible temporary differences

in respect of the following:

- Unused tax losses to the extent of
available taxable temporary differences

1,551,880 1,540,940

- Finance lease liabilities

15,433 16,897

- Minimum tax available for carry forward

613,479 585,107

- Provision for stores, spares and loose tools

297 271

- Provision for doubtful debts

377 444

- Staff retirement benefits

20,154 13,798

2,201,620 2,157,457

281,314 261,629

Deferred taxation has been provided using tax rate of taxation applicable to tax year 2019 under the provisions of Income Tax Ordinance, 2001 to the extent of income of the company chargeable under normal tax regime. Tax effect of reduction in tax rate is income amounting to Rs. 9.7 millions (2017: Rs. 8.7 million).

13.02 Deferred mark up

| | | |
|----------------------------|------------------|------------------|
| Opening balance | 5,047,611 | 4,679,983 |
| Provision during the year | 356,669 | 367,628 |
| | <u>5,404,280</u> | <u>5,047,611</u> |
| Less: paid during the year | 5,404,280 | 5,047,611 |
| | <u>2,676,519</u> | <u>2,542,044</u> |
| Present value adjustment | <u>2,727,761</u> | <u>2,505,567</u> |

It represents mark up deferred by Faysal Bank Limited, Bank Islami Limited (formerly KASB Bank Limited), Soneri Bank Limited, Silk Bank Limited and The Bank of Punjab. It is payable starting from 30 January 2021 and maturing on 30 September 2032.

This deferred mark-up has been discounted using effective rate of interest and classified separately in non current liabilities and related present value gain or loss is recognised in profit and loss account.

| 13.03 | Staff retirement benefits - unfunded gratuity scheme | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|-------|--|------|------------------------|------------------------|
| (a) | Reconciliation of amounts recognized in the balance sheet: | | | |
| | Present value of defined benefit obligation | | 81,757 | 57,491 |
| | Net liability at the end of the year | | <u>81,757</u> | <u>57,491</u> |
| (b) | Movement in net liability | | | |
| | Net liability at beginning of the year | | 57,491 | 48,250 |
| | Charge for the year | | 63,051 | 72,504 |
| | | | <u>120,542</u> | <u>120,754</u> |
| | Remeasurements chargeable in other comprehensive income | | (380) | 1,232 |
| | Benefits paid during the year | | <u>(38,405)</u> | <u>(64,495)</u> |
| | Net liability at end of the year | | <u>81,757</u> | <u>57,491</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

(c) Changes in the present value of defined benefit obligation

| Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|--|------------------------|------------------------|
| Defined benefit obligation at beginning of the year | 57,491 | 48,250 |
| Current service cost | 58,921 | 35,164 |
| Interest Cost | 4,130 | 37,340 |
| | <u>120,542</u> | <u>120,754</u> |
| Remeasurements chargeable in OCI | (380) | 1,232 |
| Benefits paid during the year | (38,405) | (64,495) |
| Present value of defined benefit obligation at end of the year | <u>81,757</u> | <u>57,491</u> |

(d) Charge for the year

| | | |
|----------------------|---------------|---------------|
| Current service cost | 58,921 | 35,164 |
| Interest Cost | 4,130 | 37,340 |
| | <u>63,051</u> | <u>72,504</u> |

(e) The principal assumptions used in the actuarial valuation are as follows:

| | 2018 | 2017 |
|--|------------------|------------------|
| Discount rate | 7.75% | 7.75% |
| Expected rate of increase per annum in future salaries | 8.00% | 6.75% |
| Expected average remaining working life of employees | 3 years | 3 years |
| | SLIC 2001 - 2005 | SLIC 2001 - 2005 |
| Expected mortality rate | Setback 1 Year | Setback 1 Year |
| Retirement assumptions | 60 years | 60 years |

Sensitivity analysis for actuarial assumptions

The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of change in respective assumptions.

| | Change in assumptions | Increase Rupees ('000') | Decrease Rupees ('000') |
|-----------------------------|-----------------------|----------------------------|----------------------------|
| Discount rate | 1% | 77,922 | 85,887 |
| Increase in future salaries | 1% | 86,207 | 77,554 |

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated by using projected unit credit method which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of plan participants. An increase in salary of plan participants will increase the defined benefit obligation.

| 14 | TRADE AND OTHER PAYABLES | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|----|--------------------------|-------|------------------------|------------------------|
| | Trade creditors | | 244,650 | 642,064 |
| | Accrued liabilities | | 414,567 | 294,886 |
| | Bills payables | 14.01 | 445,841 | 480,918 |
| | Advances from customers | | 78,573 | 56,660 |
| | Withholding tax payable | | 142,100 | 44,422 |
| | Others | | 962 | 2,260 |
| | | | <u>1,326,693</u> | <u>1,521,210</u> |

14.01 Bills payable includes overdue amount of Rs. 358.6 million (2017: 402 million) payable to National Bank of Pakistan and Faysal Bank Limited.

| 15 | SHORT TERM BORROWINGS | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|----|-----------------------------|-------|------------------------|------------------------|
| | Banking companies - secured | 15.01 | <u>3,890,441</u> | <u>4,014,668</u> |

15.01 Short term borrowings are available from banking companies under mark-up arrangements. The rates of mark up range from 3.57% to 10.43% per annum (2017: 3.86% to 10.75%). These are secured against pledge / hypothecation of stock-in-trade, hypothecation of stores and spares, lien over import / export documents, pari passu charge over present and future current assets and ranking charge over fixed assets of the company.

15.02 From the total aggregate short term facilities of Rs. 4,008 million (2017: 4,127 million), the amount of Rs. 117.6 million (2017: Rs. 112 million) remained unutilized as at 30 June 2018.

| 16 | ACCRUED MARK UP | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|----|---|-------|------------------------|------------------------|
| | Accrued mark up on: | | | |
| | Long term financing | | 525,756 | 463,114 |
| | Liabilities against assets subject to finance lease | | 33,318 | 30,089 |
| | Short term borrowings | | <u>1,290,817</u> | <u>1,082,313</u> |
| | | | <u>1,849,891</u> | <u>1,575,516</u> |
| 17 | CURRENT PORTION OF LONG TERM LIABILITIES | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
| | Long term financing | 17.01 | 1,929,248 | 1,621,110 |
| | Liabilities against assets subject to finance lease | | <u>41,286</u> | <u>33,442</u> |
| | | | <u>1,970,534</u> | <u>1,654,552</u> |

17.01 Current portion of long term financing includes principal installments amounting to Rs. 1,530 million (2017: 1,250 million) which became due for reasons as disclosed in note No. 10.

| 18 | PROVISION FOR TAXATION | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|----|--|------|------------------------|------------------------|
| | Opening balance | | 65,151 | 37,862 |
| | Add: Taxation - current | 38 | <u>202,848</u> | <u>63,599</u> |
| | | | <u>267,999</u> | <u>101,461</u> |
| | Less: Tax payments/adjustments during the year | | <u>65,151</u> | <u>36,310</u> |
| | | | <u>202,848</u> | <u>65,151</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

19 CONTINGENCIES AND COMMITMENTS

Contingencies

19.01 Multan Electric Power Company Limited (MEPCO), taken-over by WAPDA in May 1981, had served notice on the Company under Martial Law Regulation No. 125 of 1972 for payment of Rs. 15.69 million on account of cost of two transformers and grid-station along with benefits derived and interest accrued thereon up to April 1981 as against a liability of Rs. 1.10 million admitted by MEPCO in the written statements filed by it in the civil suit instituted by the Company before the Senior Civil Judge, Lahore. The Company challenged the illegal proceedings through a Writ Petition No. 9 on 02 February 1984 in the Lahore High Court which is at the stage of intra-court appeal pending before the Lahore High Court, Multan Bench and in which a stay order has been issued against a bank guarantee of Rupees 1.10 million arranged by the Company. MEPCO on the other hand owes to the Company Rupees 1.445 million (including unpaid dividend and interest thereon not incorporated in these financial statements). A suit has been filed by the Company Vide Suit No. 110/1991 on 10 June 1991 for recovery of balance amount which is pending with the Court of Senior Civil Judge, Lahore.

19.02 The Collectors of Customs, Sales Tax and Central Excise, in preceding years raised a demand of Rs. 2.25 million Vide CP No. 978 of 1989 relating to inadmissible input tax claim of sales tax on Sui gas bills, transformers and high power cables. In addition to the above, the Collector also raised demand of sales tax on inadmissible input tax on electricity bills amounting to Rs. 1.52 million. The Company has filed an appeal with Customs, Excise and Sales Tax Appellate Tribunal against the aforementioned orders on 02 April 1990 which is still pending adjudication with the Tribunal. The Company has deposited Rs. 1.102 million against demand raised by the Collector in respect of inadmissible input tax on electricity, under the directions of the Tribunal. The Company has deposited Rs. 0.56 million as one-fourth of the demand of Rs. 2.25 million raised in respect of other issues. The case is pending adjudication with the Tribunal and the Company expects a favourable outcome in this regard.

19.03 The Company imported textile machinery in 2002 availing exemptions from customs duty and sales tax on import thereof under S.R.Os. 554(I)/97, 987(I)/99, and 439(I)/2001. The Company has submitted indemnity bonds in that year to the customs authorities in this regard. In case, the conditions of above mentioned S.R.Os are violated, the amount of customs duty and sales tax exempted aggregating Rs. 89.51 million shall be recovered along with such penalties imposed in this regard under section 202 of the Customs Act, 1969. The conditions of the said SRO vis-a-vis export of 50% of additional production during first three years and 60% of the additional production during subsequent two years has been complied with. Audit of first three years has been conducted by the department and has given compliance certificate and audit of second period is in the process. Since, all the conditions have been complied with, no liability will accrue in this respect.

19.04 Bank guarantees amounting to Rs. 325.44 (2017: Rs. 325.44 million).

| | 2018 | 2017 |
|--------------------------------------|----------------|----------------|
| Commitments | Rs. in million | Rs. in million |
| Under letters of credit for imports. | 76.59 | 18.50 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

20 PROPERTY, PLANT AND EQUIPMENT

| | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|--------------------------|-------|------------------------|------------------------|
| Operating assets | 20.01 | 18,398,892 | 18,544,861 |
| Capital work in progress | 20.05 | 96,428 | 359,238 |
| | | <u>18,495,320</u> | <u>18,904,099</u> |

20.01 The following is a statement of operating fixed assets (tangible):

| | Freehold land | Building on freehold land | Plant, machinery & equipment | Factory tools and equipments | Furniture & fixtures | Office and hospital equipments | Library books | Vehicles | Leased Plant and machinery | Leased Vehicles | Total |
|---|------------------|---------------------------|------------------------------|------------------------------|----------------------|--------------------------------|---------------|---------------|----------------------------|-----------------|-------------------|
| RUPEES ('000') | | | | | | | | | | | |
| At 30 June 2016 | | | | | | | | | | | |
| Cost | 2,024,151 | 3,583,130 | 18,094,948 | 454,840 | 41,394 | 34,196 | 44 | 122,116 | 787,927 | 11,354 | 25,154,100 |
| Accumulated depreciation | - | (965,506) | (4,291,522) | (109,989) | (23,548) | (20,607) | (44) | (74,315) | (502,841) | (8,257) | (5,996,629) |
| Net book value | 2,024,151 | 2,617,624 | 13,803,426 | 344,851 | 17,846 | 13,589 | - | 47,801 | 285,086 | 3,097 | 19,157,471 |
| Year ended 30 June 2017 | | | | | | | | | | | |
| Additions/transfers | - | 5,015 | 605,916 | 61 | 1,437 | 1,285 | - | 5,179 | 12,579 | - | 631,472 |
| Transfers from capital work in progress | - | - | 96,837 | - | - | - | - | - | - | - | 96,837 |
| Disposals/transfers (note 1) | | | | | | | | | | | |
| Cost | (476,516) | - | - | - | - | - | - | (743) | - | - | (477,259) |
| Depreciation | - | - | - | - | - | - | - | 622 | - | - | 622 |
| Net book value | (476,516) | - | - | - | - | - | - | (121) | - | - | (476,637) |
| Depreciation charge for the year (20.02) | - | (130,882) | (693,907) | (17,244) | (914) | (1,402) | - | (4,889) | (14,734) | (310) | (864,282) |
| Net book value as at 30 June 2017 | 1,547,635 | 2,491,757 | 13,812,272 | 327,668 | 18,369 | 13,472 | - | 47,970 | 282,931 | 2,787 | 18,544,861 |
| Year ended 30 June 2018 | | | | | | | | | | | |
| Additions | - | 580 | 111,569 | 238 | 1,691 | 1,861 | - | 4,585 | - | - | 120,524 |
| Transfers from capital work in progress and stores | - | 80,356 | 508,381 | - | - | - | - | - | - | - | 588,737 |
| Transfers from leased plant and machinery | - | - | 631,158 | - | - | - | - | - | - | - | 631,158 |
| Disposals/transfers (note 20.03) | | | | | | | | | | | |
| Cost | - | - | - | - | - | - | - | (1,379) | (631,158) | - | (632,537) |
| Depreciation | - | - | - | - | - | - | - | 948 | 479,732 | - | 480,680 |
| Net book value | - | - | - | - | - | - | - | (431) | (151,426) | - | (151,857) |
| Accumulated depreciation transferred from leased assets | - | - | (479,732) | - | - | - | - | - | - | - | (479,732) |
| Depreciation charge for the year (note 20.02) | - | (124,617) | (699,618) | (16,385) | (938) | (1,454) | - | (4,932) | (6,575) | (279) | (854,798) |
| Net book value as at 30 June 2018 | 1,547,635 | 2,448,076 | 13,884,030 | 311,521 | 19,121 | 13,879 | - | 47,192 | 124,930 | 2,509 | 18,398,892 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| | Freehold land | Building on freehold land | Plant, machinery & equipment | Factory tools and equipments | Furniture & fixtures | Office and hospital equipments | Library books | Vehicles | Leased Plant and machinery | Leased Vehicles | Total |
|---------------------------------------|---------------|---------------------------|------------------------------|------------------------------|----------------------|--------------------------------|---------------|----------|----------------------------|-----------------|-------------|
| | | | | | | | | | | | |
| At 30 June 2017 | | | | | | | | | | | |
| Cost | 1,547,635 | 3,588,145 | 18,797,701 | 454,901 | 42,831 | 35,481 | 44 | 126,552 | 800,506 | 11,354 | 25,405,149 |
| Accumulated depreciation | - | (1,096,388) | (4,985,429) | (127,233) | (24,462) | (22,009) | (44) | (78,582) | (517,575) | (8,567) | (6,860,289) |
| Net book value in Rupees | 1,547,635 | 2,491,757 | 13,812,272 | 327,667 | 18,369 | 13,472 | - | 47,970 | 282,931 | 2,786 | 18,544,860 |
| Annual rates (%) of depreciation 2017 | - | 5 | 5 | 5 | 5 | 10 | 15 | 10 | 5 | 10 | |
| At 30 June 2018 | | | | | | | | | | | |
| Cost | 1,547,635 | 3,669,081 | 20,048,809 | 455,139 | 44,522 | 37,342 | 44 | 129,758 | 169,348 | 11,354 | 26,113,032 |
| Accumulated depreciation | - | (1,221,005) | (6,164,780) | (143,618) | (25,401) | (23,463) | (44) | (82,566) | (44,418) | (8,845) | (7,714,139) |
| Net book value in Rupees | 1,547,635 | 2,448,076 | 13,884,030 | 311,520 | 19,121 | 13,879 | - | 47,192 | 124,930 | 2,509 | 18,398,893 |
| Annual rates (%) of depreciation 2018 | - | 5 | 5 | 5 | 5 | 10 | 15 | 10 | 5 | 10 | |

20.02 Depreciation charge for the year has been allocated as follows:

| | 2018 Rupees ('000') | 2017 Rupees ('000') |
|-------------------------|------------------------|------------------------|
| Cost of Sales | 840,731 | 849,619 |
| Administrative expenses | 14,067 | 14,663 |
| | <u>854,798</u> | <u>864,282</u> |

20.03 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

There were no assets during the year which were disposed off having carrying amount greater than Rs. 500,000.

20.04 No impairment relating to operating fixed assets has been recognised in the current year.

20.05 Capital work in progress

| | 30 June 2018 Rupees ('000') | 30 June 2017 Rupees ('000') |
|---------------------|--------------------------------|--------------------------------|
| Plant and machinery | 44,639 | 106,028 |
| Civil work | 51,790 | 253,210 |
| | <u>96,428</u> | <u>359,238</u> |

Movement in capital work in progress

| | | |
|---------------------------------|----------------|----------------|
| Opening | 359,238 | 453,483 |
| Addition during the year | 18,966 | 2,592 |
| | <u>378,204</u> | <u>456,075</u> |
| Transferred to operating Assets | (281,776) | (96,837) |
| | <u>96,428</u> | <u>359,238</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

20.06 Transfer to property, plant and equipment are represented by:

| | 30 June 2018 Rupees ('000') | 30 June 2017 Rupees ('000') |
|---------------------|--------------------------------|--------------------------------|
| Building | 80,356 | - |
| Plant and machinery | 508,381 | 96,837 |
| | 588,737 | 96,837 |

20.07 Charge/mortgage on fixed assets has been disclosed in respective notes.

20.08 The company's obligation under finance lease are secured by lessor's title to the leased assets, which have a carrying amount of Rs. 127.44 million (2017: Rs. 285.72 million).

20.09 Addition in plant and machinery includes capitalization of borrowing cost of Rs. 38.7 million (2017: Rs. 39 million).

20.10 Particulars of immovable assets of the company are as follows:

| Location | Addresses | Usage of immovable property | Total Area (Sq. ft.) | Covered Area (Sq. ft.) |
|----------|---|-----------------------------|-------------------------|---------------------------|
| Multan | Mouza Junglebhaera and mouza Muzafarabad Multan | Production Unit | 6,917,232 | 2,993,438 |
| Kasur | 4km Raiwind Manga road, Raiwind, district Kasur. | Production Unit | 1,638,528 | 1,054,751 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|--|------|------------------------|------------------------|
| 21 INVESTMENT PROPERTY | | | |
| Opening balance | | 489,160 | - |
| Additions during the year | | - | 489,160 |
| Revaluation gain recognised through profit or loss statement | | 6,498 | - |
| Disposal during the year | | - | - |
| | | <u>495,658</u> | <u>489,160</u> |

As of reporting date, the fair value of such investment property was determined as on 30 June 2018 by an independent external property valuer, Arif Evaluators, having appropriate recognised qualification and relevant experience. During the year 2017 this property was reclassified from owner's occupied property to investment property as a result of change in use. The valuation was arrived at by reference to market evidence of transaction price for similar land.

Forced sale value of above investment as at 30 June 2018 is Rs. 446.09 million

| | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---|-------|------------------------|------------------------|
| 22 LONG TERM INVESTMENTS | | | |
| At fair value through profit and loss designated on initial recognition | | | |
| Investment in Imperial Sugar Mills Limited | | 427,190 | 467,640 |
| Investment - available for sale | 22.01 | <u>1,555</u> | <u>1,433</u> |
| | | <u>428,745</u> | <u>469,073</u> |

22.01 Investment - available for sale

| | 2018 No. of Shares / Bonds | 2017 No. of Shares / Bonds | 2018 Rupees ('000') | 2017 Rupees ('000') |
|-----------------------------------|-------------------------------|-------------------------------|------------------------|------------------------|
| Quoted - at fair value | | | | |
| Colony Woolen Mills Limited | 70,506 | 70,506 | 282 | 282 |
| Azgard Nine Limited | 67,457 | 67,457 | 873 | 751 |
| Colony Thal Textile Mills Limited | 6 | 6 | - | - |
| | <u>137,969</u> | <u>137,969</u> | <u>1,155</u> | <u>1,033</u> |
| Unquoted - at cost | | | | |
| Government Compensation Bonds | 400 | 400 | 400 | 400 |
| | <u>138,369</u> | <u>138,369</u> | <u>1,555</u> | <u>1,433</u> |

Government Compensation Bonds for Rs. 0.4 million (2017: Rs. 0.4 million) are receivable from the Federal Government in respect of shares held by the Company in the share capital of Multan Electric Supply Company Limited. The Company has challenged the withholding of these Bonds through writ petition filed in the Lahore High Court, Lahore, which is still pending for final adjudication.

| | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---|-------|------------------------|------------------------|
| 23 STORES, SPARE PARTS AND LOOSE TOOLS | | | |
| Stores | | 177,543 | 131,757 |
| Spares | | 96,527 | 127,941 |
| Loose tools | | 469 | 565 |
| | | <u>274,539</u> | <u>260,263</u> |
| Less: Provision for slow moving items | 23.01 | <u>1,235</u> | <u>1,130</u> |
| | | <u>273,304</u> | <u>259,133</u> |
| 23.01 Provision for slow moving items | | | |
| Opening balance | | 1,130 | 1,664 |
| Provision made during the year | | 1,235 | 1,130 |
| | | <u>2,365</u> | <u>2,794</u> |
| Less: Provision written off during the year | | <u>1,130</u> | <u>1,664</u> |
| Closing balance | | <u>1,235</u> | <u>1,130</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| 24 | STOCK IN TRADE | | 2018 | 2017 |
|----|--|---|----------------|----------------|
| | Textile | Note | Rupees ('000') | Rupees ('000') |
| | Raw material | | 649,392 | 533,989 |
| | Work in process | | 453,260 | 419,242 |
| | Finished goods | | 3,815,935 | 3,705,731 |
| | | | 4,918,587 | 4,658,962 |
| | Real Estate Business | | | |
| | Land held for development and resale | 24.01 | 496,747 | 496,747 |
| | | | 5,415,334 | 5,155,709 |
| | 24.01 This includes 65.9 kanals of land mortgaged with bank as mentioned in note 10.02. | | | |
| 25 | TRADE DEBTS - considered good | | | |
| | Local - unsecured: | | | |
| | Considered good | | 694,187 | 551,095 |
| | Considered doubtful | | 1,570 | 1,850 |
| | | | 695,757 | 552,945 |
| | Less: Provision for doubtful trade debts | 25.01 | 1,570 | 1,850 |
| | | | 694,187 | 551,095 |
| | 25.01 Provision for doubtful debts | | | |
| | Opening balance | | 1,850 | 2,512 |
| | Provision made during the year | | 1,570 | 1,850 |
| | | | 3,420 | 4,362 |
| | Less: Provision written off during the year | | 1,850 | 2,512 |
| | Closing balance | | 1,570 | 1,850 |
| 26 | LOANS AND ADVANCES | | | |
| | Considered good: | | | |
| | Loans to employees | | 32,597 | 36,414 |
| | Advances to: | | | |
| | -Suppliers | | 118,612 | 45,096 |
| | -Letters of credit fee, margin and expenses | | 130,614 | 99,651 |
| | | | 281,823 | 181,161 |
| 27 | TRADE DEPOSITS AND SHORT TERM PREPAYMENTS | | | |
| | Trade deposits | | 127,896 | 88,656 |
| | Other receivables | | 23,959 | 27,539 |
| | | | 151,855 | 116,195 |
| 28 | OTHER FINANCIAL ASSETS | | | |
| | Other financial assets | 28.01 | 27 | 41 |
| | 28.01 These include shares of listed companies classified as held for trading through profit and loss account. | | | |
| | 2018 2017 | | | |
| | No. of Shares / Bonds | | | |
| | | Quoted - at fair value | | |
| | 89 89 | Oil and Gas Development Company Limited | 14 | 13 |
| | 250 250 | Maple Leaf Cement Factory Limited | 13 | 28 |
| | 339 339 | | 27 | 41 |
| 29 | TAX REFUNDS DUE FROM THE GOVERNMENT | | | |
| | Sales tax | | 505,647 | 348,720 |
| | Income tax refundable/adjustable | | 490,215 | 479,821 |
| | | | 995,862 | 828,541 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| | | | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---------------------------------------|--|--|------------------------|------------------------|
| 30 CASH AND BANK BALANCES | Note | | | |
| Cash in hand | | | 456 | 473 |
| Cash at banks: | | | | |
| -in current accounts | | | 28,827 | 29,507 |
| -in deposit accounts | 30.01 | | 9,129 | 10,303 |
| | | | <u>38,412</u> | <u>40,283</u> |
| 30.01 | These carry profit/mark-up ranging from 3.4% to 6% (2017: 3.25% to 5.5%) per annum. | | | |
| 31 SALES | | | | |
| Local | | | | |
| Yarn and Fabric | | | 14,237,967 | 11,999,805 |
| Raw material sales | | | 33,558 | 647 |
| Waste | | | 284,818 | 167,144 |
| | | | <u>14,556,343</u> | <u>12,167,596</u> |
| Export | | | | |
| Yarn | | | 101,407 | 179,758 |
| Fabric | | | 1,988,030 | 1,249,529 |
| | | | <u>2,089,437</u> | <u>1,429,287</u> |
| | | | <u>16,645,780</u> | <u>13,596,883</u> |
| Commission | | | (50,578) | (51,043) |
| | | | <u>16,595,202</u> | <u>13,545,840</u> |
| 31.01 | Sales are shown net of sales tax amounting to Rs. 14.9 million (2017: nil). | | | |
| 32 COST OF SALES | Note | | 2018 Rupees ('000') | 2017 Rupees ('000') |
| Raw material consumed | 32.01 | | 10,351,828 | 7,990,350 |
| Stores consumed | | | 493,653 | 487,881 |
| Staff salaries, wages and benefits | 32.02 | | 1,275,896 | 1,266,938 |
| Power and fuel | | | 2,439,838 | 1,718,988 |
| Repair and maintenance | | | 19,362 | 32,061 |
| Insurance | | | 47,886 | 62,002 |
| Rent, rates and taxes | | | 3,119 | 2,860 |
| Other manufacturing expenses | | | 20 | 452 |
| Depreciation | 20.02 | | 840,728 | 849,619 |
| External processing charges | | | 8,493 | 12,116 |
| | | | <u>15,480,823</u> | <u>12,423,267</u> |
| Work in process: | | | | |
| Opening | | | 419,242 | 436,792 |
| Closing | | | (453,260) | (419,242) |
| | | | <u>(34,018)</u> | <u>17,550</u> |
| Cost of goods manufactured | | | <u>15,446,805</u> | <u>12,440,817</u> |
| Finished goods: | | | | |
| Opening stock | | | 3,705,731 | 3,808,179 |
| Closing stock | | | (3,815,935) | (3,705,731) |
| | | | <u>(110,204)</u> | <u>102,448</u> |
| | | | <u>15,336,601</u> | <u>12,543,265</u> |
| 32.01 Raw material consumed | | | | |
| Opening stock | | | 533,989 | 442,997 |
| Purchases including purchase expenses | | | 10,467,231 | 8,081,342 |
| | | | <u>11,001,220</u> | <u>8,524,339</u> |
| Closing stock | | | (649,392) | (533,989) |
| | | | <u>10,351,828</u> | <u>7,990,350</u> |
| 32.02 | Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 73.90 million (2017: Rs. 71.10 million). | | | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| | | 2018 | 2017 |
|--|--|----------------|----------------|
| | Note | Rupees ('000') | Rupees ('000') |
| 33 DISTRIBUTION COST | | | |
| Staff salaries and benefits | | 18,493 | 7,830 |
| Rent, rate and taxes | | 40 | 47 |
| Freight | | 70,299 | 78,780 |
| Telecommunication | | 2,812 | 3,151 |
| Export forwarding charges | | 106,172 | 87,769 |
| Bank charges | | 1,889 | 934 |
| Others | | 2,977 | 747 |
| | | 202,682 | 179,258 |
| 34 ADMINISTRATIVE EXPENSES | | | |
| Staff salaries and benefits | 34.01 | 164,195 | 110,083 |
| Printing and stationery | | 734 | 644 |
| Travelling and conveyance | | 8,548 | 16,936 |
| Communication | | 5,834 | 3,424 |
| Rent, rates and taxes | | 6,054 | 5,072 |
| Repair and maintenance | | 14,256 | 14,992 |
| Insurance | | 2,858 | 5,216 |
| Advertisement | | 217 | 87 |
| Fee and subscription | | 2,394 | 3,793 |
| Provision for doubtful debts | | 1,570 | 1,850 |
| Provision for slow moving stores, spares and loose tools | | 1,235 | 1,130 |
| Entertainment | | 4,231 | 6,826 |
| Auditors' remuneration | 34.02 | 3,256 | 3,256 |
| Donation | 34.03 | 8,124 | 37,845 |
| Legal and professional charges | | 14,280 | 4,327 |
| Directors' meeting fee | | 140 | 132 |
| Depreciation | 20.02 | 14,067 | 14,663 |
| Others | | 1,495 | 3,200 |
| | | 253,488 | 233,476 |
| 34.01 | Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 5.20 million (2017: Rs. 5.10 million). | | |
| 34.02 Auditors' remuneration | | | |
| | Note | 2018 | 2017 |
| | | Rupees ('000') | Rupees ('000') |
| Statutory audit fee | | 2,900 | 2,900 |
| Half yearly review fee | | 256 | 256 |
| CCG review fee | | 50 | 50 |
| Out of pocket expenses | | 50 | 50 |
| | | 3,256 | 3,256 |
| 34.03 | No director or his / her spouse had any interest in the donees' fund. | | |
| 35 FINANCE COST | | | |
| Bank charges and commission | | 14,495 | 12,193 |
| Mark-up on inland bill discounting | | 13,995 | 7,627 |
| Mark-up on; | | | |
| - Long term finance | | 353,442 | 363,746 |
| - Short term borrowings | | 317,553 | 346,703 |
| - Liabilities against assets subject to finance lease | | 4,345 | 5,250 |
| | | 675,340 | 715,699 |
| | | 703,830 | 735,519 |
| 36 OTHER OPERATING CHARGES | | | |
| Loss on investment in IMSL | | 40,451 | - |
| Exchanged loss - realised | | 487 | 651 |
| | | 40,938 | 651 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| | | | | |
|--|-------------|--|-----------------------|-----------------------|
| 37 OTHER INCOME | | | 2018 | 2017 |
| | Note | | Rupees ('000') | Rupees ('000') |
| Income from financial assets | | | | |
| Profit on deposits with banks | | | 1,516 | 692 |
| Gain on remeasurement of investments in IMSL | | | - | 293,163 |
| Amortization of deferred mark-up | | | 134,475 | 154,478 |
| (Loss) / Gain on re-measurement of investments | | | (14) | 2 |
| Income from other than financial assets | | | | |
| Gain on sale of property, plant and equipment | 20.03 | | 439 | 229 |
| Gain on revaluation of investment property | 21 | | 6,498 | - |
| Miscellaneous income | | | 88,117 | 13,115 |
| | | | <u>231,031</u> | <u>461,679</u> |
| 38 TAXATION | | | | |
| Taxation: | | | | |
| -Current year | | | 202,848 | 65,151 |
| -Prior years | | | 26,061 | (1,552) |
| | | | <u>228,909</u> | <u>63,599</u> |
| Deferred | | | 19,591 | 154,621 |
| | | | <u>248,500</u> | <u>218,220</u> |

- Income tax return has been filed to the income tax authorities up to and including tax year 2017 under the provisions of the Income Tax Ordinance, 2001.

- Provision for taxation has been made in accordance with section 154 and 113 of the Income Tax Ordinance, 2001 ("The Ordinance"). There is no relation between aggregate tax expense and accounting profit. Accordingly no numerical reconciliation has been presented.

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

| | | | |
|--|-----------------------|-----------------------|-----------------------|
| | 2017 | 2016 | 2015 |
| | Rupees ('000') | Rupees ('000') | Rupees ('000') |
| Provision as per financial statements | 65,151 | 37,862 | 163,736 |
| Tax assessment | 91,212 | 36,310 | 66,911 |
| 39 EARNINGS PER SHARE | Note | 2018 | 2017 |
| Basic Earnings per share: | | | |
| Profit after taxation | Rupees ('000') | <u>40,191</u> | <u>97,130</u> |
| Weighted average number of ordinary shares | Number ('000') | <u>498,010</u> | <u>498,010</u> |
| Earning per share - basic and diluted | Rupees | <u>0.08</u> | <u>0.20</u> |

Diluted earnings per share:

There is no dilutive effect on the basic earnings per share of the company because the company has no outstanding potential ordinary shares.

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

| | CHIEF EXECUTIVE | | EXECUTIVE DIRECTOR | | NON-EXECUTIVES DIRECTORS | | EXECUTIVES | |
|-------------------------|-----------------|----------------|--------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | Rupees ('000') | Rupees ('000') | Rupees ('000') | Rupees ('000') | Rupees ('000') | Rupees ('000') | Rupees ('000') | Rupees ('000') |
| Managerial remuneration | 10,083 | 9,075 | 1,800 | 1,800 | - | - | 9,926 | 9,812 |
| Retirement benefits | 909 | 818 | - | - | - | - | 1,036 | 1,027 |
| Medical | 1,008 | 907 | - | - | - | - | 1,173 | 1,161 |
| Meeting fee | 825 | 815 | - | - | 140 | 132 | - | - |
| | <u>12,825</u> | <u>11,615</u> | <u>1,800</u> | <u>1,800</u> | <u>140</u> | <u>132</u> | <u>12,135</u> | <u>12,000</u> |
| Number of Executives | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>5</u> | <u>5</u> | <u>6</u> | <u>6</u> |

* Comparatives have been amended to reflect changes in the definition of executive as per Companies Act, 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

40.01 Certain executives including Chief Executive Officer of the company are also provided with free use of Company's cars in accordance with their entitlements.

40.02 No remuneration was given to Non Executive Director except the fee paid for attending the meeting and as disclosed at note No. 34. Non Executive Directors include one independent director.

41 TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of directors, key management personnel and post employment benefits plan. Remuneration of Chief Executive Officer is disclosed in note 40. Other significant transactions with related parties are as follows:

| Nature of transaction | Relationship with the company | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---|-------------------------------|------|------------------------|------------------------|
| Expense in relation to provident fund trust | Employees Fund | | 17,968 | 15,919 |

The related party status of outstanding balances as at June 30, 2018 are included in trade and other payables (note 14). These are to be settled in the ordinary course of business.

Following are the related parties with whom the company had entered into transactions or have arrangements / agreements in place.

| S.No. | Company Name | Basis of relationship | Aggregate % of Shareholding in the Company |
|-------|--|-----------------------|--|
| 1 | CTML Employees Contributory Provident Fund | Trustee | N/A |

42 PLANT CAPACITY AND ACTUAL PRODUCTION

ACTUAL PRODUCTION:

Spinning division:

Ring end spinning:

| | | | |
|--|-----|-------------|------------|
| Actual production during the year | Kgs | 24,427,293 | 18,140,548 |
| Actual production converted to 20s count | Kgs | 111,539,924 | 83,287,425 |

Open end spinning:

| | | | |
|--|-----|------------|-----------|
| Actual production during the year | Kgs | 10,613,745 | 9,111,455 |
| Actual production converted to 20s count | Kgs | 3,999,472 | 3,372,649 |

Weaving Division:

| | | | |
|--|--------|-------------|------------|
| Actual production during the year | Meters | 48,250,732 | 40,759,117 |
| Actual production converted to 20s count | Meters | 107,327,166 | 97,827,747 |

Reason for shortfall:

It is difficult to describe precisely the production capacity in spinning/weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, twist and fabric blend and fabric construction etc. It also significantly varies based on the pattern of production adopted through out the year.

| 43 | PROVIDENT FUND | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|----|---|-------|------------------------|------------------------|
| | The following information is based on the latest un-audited financial statement of the trust: | | | |
| | Size of the fund - Total assets | | 151,773 | 129,338 |
| | Cost of investments made | 43.01 | 102,567 | 67,151 |
| | Percentage of investments made | | 67.58% | 51.92% |
| | Fair value of investments | | 102,567 | 67,151 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

43.01 The break-up of fair value of investments is:

| | 2018 | | 2017 | |
|-----------------------|----------------|-------------|---------------|-------------|
| | Rs. ('000') | Percentage | Rs. ('000') | Percentage |
| Loan to members | 12,346 | 12% | 13,746 | 20% |
| Bank balances | 5,963 | 6% | 10,289 | 15% |
| Government securities | 84,258 | 82% | 43,116 | 64% |
| | <u>102,567</u> | <u>100%</u> | <u>67,151</u> | <u>100%</u> |

These investments out of provident fund trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

44 NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at 30 June 2018/30 June 2017 are as follows:

Average number of employees during the year - factory
- others

Number of employees at the end of the year - factory
- others

| | 2018 Number | 2017 Number |
|---|----------------|----------------|
| Average number of employees during the year - factory | 6,904 | 6,564 |
| - others | 561 | 555 |
| | <u>7,465</u> | <u>7,119</u> |
| Number of employees at the end of the year - factory | 7,306 | 6,501 |
| - others | 574 | 548 |
| | <u>7,880</u> | <u>7,049</u> |

45 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

45.02 Credit risk

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

Financial assets as per balance sheet

| | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---|------------------------|------------------------|
| Long term investment in IMSL | 427,190 | 467,640 |
| Long term deposits | 50,970 | 49,912 |
| Trade debts | 694,187 | 551,095 |
| Loans and advances | 32,597 | 36,414 |
| Trade deposits and short term prepayments | 151,855 | 116,195 |
| Bank balances | 37,956 | 39,810 |
| Held for trading Investments | | |
| Quoted - at fair value | 27 | 41 |
| Available for sale Investments | | |
| Quoted - at fair value | 1,155 | 1,033 |
| Unquoted - at cost | 400 | 400 |
| | <u>1,396,337</u> | <u>1,262,540</u> |

The Company's credit risk exposures are categorized under the following headings:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Counter parties

The Company conducts transactions with the following major counterparties.

- Trade debtors

- Banks and other financial institutions

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Credit risk related to trade debts

Trade debts are essentially due from local and foreign customers against sale of yarn, fabric and waste material and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customer. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.

Trade receivables are non-interest bearing and are generally on 60 to 90 days credit terms.

Impairment losses

The aging of trade debts and loans to employees at the reporting date was:

| | 2018 Rupees ('000') | 2017 Rupees ('000') |
|-----------------|------------------------|------------------------|
| 0 to 30 days | 581,427 | 470,007 |
| 31 to 180 days | 136,255 | 108,866 |
| 181 to 360 days | 6,171 | 5,871 |
| Over one year | 2,931 | 2,765 |
| | <u>726,784</u> | <u>587,509</u> |

Trade debts include debtors with a carrying amount of Rs. 2.931 million (2017: Rs. 2.765 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. Geographically, there is no concentration of credit risk.

Credit risk related to banks and other financial institutions

Credit risk on balances with banks is managed by management in accordance with the Company's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

45.03 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer. Management has rescheduled the loan financing with The Bank of Punjab and is also in process of rescheduling with National Bank of Pakistan. Furthermore, support from sponsors in the form of interest free loans to meet liquidity shortfall is also contributory to minimize liquidity risk.

The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 15.02 is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

45.03.1 Liquidity risk table

Financial liabilities in accordance with their contractual maturities are presented below:

| 30 June 2018 | | | | | | |
|---|-------------------------|-----------|------------------------------|-------------------------|-----------|------------|
| Interest/mark-up bearing | | | Non interest/mark-up bearing | | | |
| Maturity within one year | Maturity after one year | Sub Total | Maturity within one year | Maturity after one year | Sub Total | Total |
| Rupees ('000') | | | | | | |
| Financial Liabilities | | | | | | |
| Financial liabilities measured at amortized cost | - | - | - | 2,727,761 | 2,727,761 | 2,727,761 |
| Long term financing | 1,929,248 | 6,922,229 | 8,851,477 | - | - | 8,851,477 |
| Director's subordinated loan | - | - | - | 120,000 | 120,000 | 120,000 |
| Liabilities against assets subject to finance lease | 41,286 | 21,321 | 62,607 | - | - | 62,607 |
| Short-term borrowings | 3,890,441 | - | 3,890,441 | - | - | 3,890,441 |
| Trade and other payables | - | - | - | 1,106,114 | 1,106,114 | 1,106,114 |
| Accrued mark up | 1,849,891 | - | 1,849,891 | - | - | 1,849,891 |
| | 7,710,866 | 6,943,550 | 14,654,416 | 1,106,114 | 2,847,761 | 3,953,875 |
| | | | | | | 18,608,291 |

| 30 June 2017 | | | | | | |
|---|-------------------------|-----------|------------------------------|-------------------------|-----------|------------|
| Interest/mark-up bearing | | | Non interest/mark-up bearing | | | |
| Maturity within one Year | Maturity after one Year | Sub Total | Maturity within one Year | Maturity after one Year | Sub Total | Total |
| Rupees ('000') | | | | | | |
| Financial Liabilities | | | | | | |
| Financial liabilities measured at amortized cost | - | - | - | 2,505,567 | 2,505,567 | 2,505,567 |
| Long term financing | 1,621,110 | 7,344,325 | 8,965,435 | - | - | 8,965,435 |
| Director's subordinated loan | - | - | - | 120,000 | 120,000 | 120,000 |
| Liabilities against assets subject to finance lease | 33,442 | 36,961 | 70,403 | - | - | 70,403 |
| Short-term borrowings | 4,014,668 | - | 4,014,668 | - | - | 4,014,668 |
| Trade and other payables | - | - | - | 1,421,447 | 1,421,447 | 1,421,447 |
| Accrued mark up | 1,575,516 | - | 1,575,516 | - | - | 1,575,516 |
| | 7,244,736 | 7,381,286 | 14,626,022 | 1,421,447 | 2,625,567 | 4,047,014 |
| | | | | | | 18,673,036 |

Effective mark up/interest rates have been disclosed in respective notes to the financial statements.

45.04 Market risk

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

45.04.1 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.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Exposure to currency risk

The Company is exposed to currency risk on trade debts which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

| | 2018 | | 2017 | |
|-------------|----------------|---------------|----------------|---------------|
| | Rupees ('000') | US \$ ('000') | Rupees ('000') | US \$ ('000') |
| Trade debts | - | - | - | - |

The following US Dollar exchange rates were applied during the year:

| | 2018 | 2017 |
|-------------------------|--------|--------|
| | Rupees | Rupees |
| Average rate | 118.89 | 104.87 |
| Balance sheet date rate | 122.88 | 104.71 |

Sensitivity analysis - foreign currency

At 30 June 2018, if the Rupee had weakened/strengthened by 5% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. Nil (2017: Nil), as a result of foreign exchange gains/losses on translation of foreign currency trade debts. Profit/(loss) is more sensitive to movement in Rupee/foreign currency exchange rates in 2018 than 2017 because of average increase in foreign currency exchange rate during the year.

45.04.2 Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 01 month, 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management is considering the alternative arrangement to manage interest rate exposure in future.

| | Note | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---|------|------------------------|------------------------|
| Fixed rate instruments | | | |
| There are no fixed rate instruments. | | | |
| Variable rate instruments | | | |
| Financial assets | | | |
| Cash in deposit accounts | | 9,129 | 10,303 |
| Financial liabilities | | | |
| Long term finance | | 8,851,477 | 8,965,435 |
| Short term finance | | 3,890,441 | 4,014,668 |
| Liabilities against assets subject to finance lease | | 62,607 | 70,403 |
| | | 12,804,525 | 13,050,506 |

Sensitivity analysis - interest rate

If interest rates had been 1 % higher/lower and all other variables were held constant, the Company's profit/(loss) for the year ended 30 June 2018 would have decreased/increased by Rs. 127.94 (2017: Rs. 130.5) million. This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

45.04.3 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not materially exposed to other price risk on financial assets and liabilities.

45.04.4 Financial instruments by category

The Company finances its operation through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| | 2018 Rupees ('000') | 2017 Rupees ('000') |
|--|------------------------|------------------------|
| Financial assets as per balance sheet | | |
| Loan and receivable | | |
| Long-term deposits | 50,970 | 49,912 |
| Trade debts | 694,187 | 551,095 |
| Loans and advances | 32,597 | 36,414 |
| Trade deposits and short term prepayments | 151,855 | 116,195 |
| Bank balances | 37,956 | 39,810 |
| Long term investment | 427,190 | 467,640 |
| Investment in IMSL at fair value through profit and loss | | |
| Held for trading Investments | | |
| Quoted - at fair value | 27 | 41 |
| Available for sale Investments | | |
| Quoted - at fair value | 1,155 | 1,033 |
| Unquoted - at cost | 400 | 400 |
| | <u>1,396,337</u> | <u>1,262,540</u> |
| Financial liabilities as per balance sheet | | |
| Financial liabilities measured at amortized cost | 2,727,761 | 2,505,567 |
| Long term finance | 8,851,477 | 8,965,435 |
| Directors' subordinated loan | 120,000 | 120,000 |
| Liabilities against assets subject to finance lease | 62,607 | 70,403 |
| Short-term borrowings | 3,890,441 | 4,014,668 |
| Trade and other payables | 1,106,114 | 1,421,447 |
| Accrued mark up | 1,849,891 | 1,575,516 |
| | <u>18,608,291</u> | <u>18,673,036</u> |

45.05 Fair values of financial instruments

Fair value is the price that would be received so sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

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

45.05.1 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

| | 2018 | | | |
|--|-------------------------|----------|------------|----------------|
| Financial assets | Level 1 | Level 2 | Level 3 | Total |
| | -----Rupees('000')----- | | | |
| Financial investments: available for sale | 27 | - | - | 27 |
| Investment at fair value through profit and loss | 427,190 | - | - | 427,190 |
| Investment - available for sale | 873 | - | 282 | 1,155 |
| | <u>428,090</u> | <u>-</u> | <u>282</u> | <u>428,372</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| Financial assets | 2017 | | | Total |
|--|-------------------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | |
| | -----Rupees('000')----- | | | |
| Financial investments: available for sale | 41 | - | - | 41 |
| Investment at fair value through profit and loss | 467,640 | - | - | 467,640 |
| Investment - available for sale | 751 | - | 282 | 1,033 |
| | 468,432 | - | 282 | 468,714 |

46 CAPITAL MANAGEMENT

The Company's objectives, policies and processes for managing capital are as follows:

- The Company is not subject to any externally imposed capital requirements.
- The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, reserves and unappropriated profit).
- The Company's strategy is to maintain its debt-to-adjusted capital ratio between 40% to 60%. The debt-to-adjusted capital ratios at 30 June 2018 and 30 June 2017 were as follows:

| | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---------------------------------|------------------------|------------------------|
| Total debt | 12,924,525 | 13,170,506 |
| Less: Cash and cash equivalents | 37,956 | 39,810 |
| Net debt | 12,886,569 | 13,130,696 |
| Total equity | 7,926,614 | 7,886,012 |
| Total capital employed | 20,813,183 | 21,016,708 |
| Gearing ratio (%) | 61.92% | 62.48% |

47 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

There were no non-adjusting events after the balance sheet date.

Colony Textile Mills Limited

48 CASH GENERATED FROM OPERATIONS

CASH FLOWS FROM OPERATING ACTIVITIES

| | 2018 Rupees ('000') | 2017 Rupees ('000') |
|--|------------------------|------------------------|
| Profit before taxation | 288,694 | 315,350 |
| Adjustments for: | | |
| Provision for staff retirement benefits | 63,051 | 72,504 |
| Depreciation | 854,798 | 864,282 |
| Finance cost | 703,830 | 735,519 |
| Share of loss from investment in IMSL | 40,451 | - |
| Gain on remeasurement of short term investments | 14 | (2) |
| Revaluation gain on investment property | (6,498) | - |
| Gain on remeasurement of IMSL | - | (293,163) |
| Provision for slow moving stores, spares and loose tools | 1,235 | 1,130 |
| Provision for doubtful trade debts | 1,570 | 1,850 |
| Amortization of deferred mark up | (134,475) | (154,478) |
| Gain on disposal of property, plant and equipment | (439) | (229) |
| | 1,523,537 | 1,227,413 |
| Operating cash flows before working capital changes | 1,812,231 | 1,542,763 |

Balance carried forward

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| | 2018 Rupees ('000') | 2017 Rupees ('000') |
|---|------------------------|------------------------|
| Balance brought forward | 1,812,231 | 1,542,763 |
| Changes in working capital: | | |
| (Increase)/Decrease in current assets: | | |
| Stores, spares and loose tools | (15,406) | (46,545) |
| Stock-in-trade | (259,625) | 28,983 |
| Trade debts | (144,662) | (90,870) |
| Loans and advances | (100,662) | (67,249) |
| Trade deposits and short term prepayments | (35,660) | (14,114) |
| Increase/(Decrease) in current liabilities: | | |
| Trade and other payables | (194,517) | (471,007) |
| | (750,532) | (660,802) |
| Cash generated from operations | 1,061,699 | 881,961 |

49 CHANGE IN ACCOUNTING POLICY

49.01 The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard IAS-16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity. Following the application of IAS-16, the Company's accounting policy for surplus on revaluation of property and equipment stands amended.

Therefore, this change in accounting policy has been applied retrospectively in accordance with the provisions of the IAS-8 "Change in Accounting policies, errors and estimates" and comparative figures of equity has been rearranged/reclassified. As there is no change in comparative figures therefore prior year financial statements have not been restated. The effect of reclassification has been re-summarized below:

| Reclassification from the caption component | Reclassification to the caption component | Amount (Rs. 000) |
|---|---|------------------|
| AFTER SHARE CAPITAL AND RESERVES | SHARE CAPITAL AND RESERVES | |
| Surplus on revaluation of property, plant and equipment | Surplus on revaluation of property, plant and equipment | 12,644 |

50. SEGMENT INFORMATION

| | Spinning | | Weaving | | Total Company | |
|---|----------------|------------|-----------|-----------|---------------|------------|
| | Jun-18 | Jun-17 | Jun-18 | Jun-17 | Jun-18 | Jun-17 |
| | Rupees ('000') | | | | | |
| Sales: | | | | | | |
| Total | 13,211,808 | 10,745,133 | 3,520,956 | 2,961,739 | 16,732,764 | 13,706,872 |
| Intersegment | (137,562) | (161,032) | - | - | (137,562) | (161,032) |
| | 13,074,246 | 10,584,101 | 3,520,956 | 2,961,739 | 16,595,202 | 13,545,840 |
| Cost of Sales | 12,224,830 | 9,946,959 | 3,111,771 | 2,596,306 | 15,336,601 | 12,543,265 |
| Gross profit | 849,416 | 637,142 | 409,185 | 365,433 | 1,258,601 | 1,002,575 |
| Distribution Cost | 121,609 | 107,555 | 81,073 | 71,703 | 202,682 | 179,258 |
| Administration Cost | 188,419 | 174,686 | 65,069 | 58,790 | 253,488 | 233,476 |
| | 310,028 | 282,241 | 146,142 | 130,493 | 456,170 | 412,734 |
| | 539,388 | 354,901 | 263,043 | 234,940 | 802,431 | 589,841 |
| Finance cost | 465,032 | 441,312 | 238,798 | 294,207 | 703,830 | 735,519 |
| Loss before unallocated income and expenses | 74,356 | (86,411) | 24,245 | (59,267) | 98,601 | (145,678) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| | Spinning | | Weaving | | Total Company | |
|--|----------------|------------|-----------|-----------|---------------|------------|
| | Jun-18 | Jun-17 | Jun-18 | Jun-17 | Jun-18 | Jun-17 |
| | Rupees ('000') | | | | | |
| Unallocated income and expenses | | | | | | |
| Other operating charges | | | | | 40,938 | 651 |
| Other Income | | | | | 231,031 | 461,679 |
| Profit/(loss) before tax | | | | | 288,694 | 315,350 |
| Taxation | | | | | 248,500 | 218,220 |
| Profit/(loss) after tax for the year | | | | | 40,191 | 97,130 |
| Other Comprehensive income: | | | | | | |
| Remeasurement of defined benefit obligation | | | | | 286 | (936) |
| Net fair value gain/(loss) on available for sale investment | | | | | 122 | 484 |
| Total comprehensive loss for the year | | | | | 40,602 | 96,678 |
| Reconciliation of reportable segment assets and liabilities | | | | | | |
| | Spinning | | Weaving | | Total Company | |
| | Jun-18 | Jun-17 | Jun-18 | Jun-17 | Jun-18 | Jun-17 |
| | Rupees ('000') | | | | | |
| Total assets for reportable segments | 10,276,975 | 10,643,951 | 8,218,345 | 8,260,147 | 18,495,320 | 18,904,098 |
| Unallocated assets: | | | | | | |
| Investment property | | | | | 495,658 | 489,160 |
| Long term investments | | | | | 428,745 | 469,073 |
| Cash and bank balances | | | | | 38,412 | 40,283 |
| Other corporate assets | | | | | 7,863,362 | 7,141,787 |
| Total assets as per balance sheet | | | | | 27,321,497 | 27,044,401 |
| Unallocated liabilities: | | | | | | |
| Directors' subordinated Loan | | | | | 120,000 | 120,000 |
| Provision for taxation | | | | | 202,848 | 65,151 |
| Other corporate liabilities | | | | | 26,998,649 | 26,859,250 |
| Total liabilities as per balance sheet | | | | | 27,321,497 | 27,044,401 |

50.01 Geographical information

The Company's revenue from external customers by geographical locations is detailed below:

| | Spinning | | Weaving | | Total Company | |
|--------|----------------|------------|-----------|-----------|---------------|------------|
| | Jun-18 | Jun-17 | Jun-18 | Jun-17 | Jun-18 | Jun-17 |
| | Rupees ('000') | | | | | |
| Europe | - | - | 1,408,382 | 1,184,696 | 1,408,382 | 1,184,696 |
| Asia | 13,074,246 | 10,584,101 | 2,112,574 | 1,777,043 | 15,186,820 | 12,361,144 |
| | 13,074,246 | 10,584,101 | 3,520,956 | 2,961,739 | 16,595,202 | 13,545,840 |

51 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved and authorized for issue on October 05, 2018 by the Board of Directors of the Company.

52 GENERAL

- Figures have been rounded off to the nearest Rupees in thousand except where stated otherwise.
- Corresponding figures have been rearranged/reclassified, wherever necessary, to facilitate comparison.


CHIEF FINANCIAL OFFICER


DIRECTOR


CHIEF EXECUTIVE OFFICER

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2018

| No. of Shareholders | Shareholding From | To | Number of Share Held | Percentage |
|---------------------|-------------------|--------|----------------------|------------|
| 249 | 1 | 100 | 7,934 | 0.00 |
| 432 | 101 | 500 | 137,421 | 0.03 |
| 449 | 501 | 1000 | 362,394 | 0.07 |
| 938 | 1001 | 5000 | 2,588,151 | 0.52 |
| 344 | 5001 | 10000 | 2,625,522 | 0.53 |
| 113 | 10001 | 15000 | 1,420,462 | 0.29 |
| 90 | 15001 | 20000 | 1,616,973 | 0.32 |
| 45 | 20001 | 25000 | 1,051,951 | 0.21 |
| 27 | 25001 | 30000 | 748,182 | 0.15 |
| 37 | 30001 | 35000 | 1,230,524 | 0.25 |
| 18 | 35001 | 40000 | 686,177 | 0.14 |
| 19 | 40001 | 45000 | 817,049 | 0.16 |
| 28 | 45001 | 50000 | 1,374,992 | 0.28 |
| 2 | 50001 | 55000 | 100,519 | 0.02 |
| 11 | 55001 | 60000 | 642,286 | 0.13 |
| 6 | 60001 | 65000 | 382,580 | 0.08 |
| 7 | 65001 | 70000 | 482,429 | 0.10 |
| 3 | 70001 | 75000 | 219,234 | 0.04 |
| 13 | 75001 | 80000 | 1,032,981 | 0.21 |
| 4 | 80001 | 85000 | 335,500 | 0.07 |
| 4 | 85001 | 90000 | 347,172 | 0.07 |
| 3 | 90001 | 95000 | 277,817 | 0.06 |
| 15 | 95001 | 100000 | 1,490,415 | 0.30 |
| 4 | 100001 | 105000 | 410,914 | 0.08 |
| 4 | 105001 | 110000 | 431,480 | 0.09 |
| 3 | 110001 | 115000 | 338,620 | 0.07 |
| 4 | 115001 | 120000 | 476,915 | 0.10 |
| 2 | 120001 | 125000 | 250,000 | 0.05 |
| 4 | 125001 | 130000 | 509,590 | 0.10 |
| 2 | 130001 | 135000 | 267,177 | 0.05 |
| 1 | 140001 | 145000 | 145,000 | 0.03 |
| 3 | 145001 | 150000 | 450,000 | 0.09 |
| 1 | 150001 | 155000 | 153,500 | 0.03 |
| 5 | 155001 | 160000 | 790,640 | 0.16 |
| 1 | 160001 | 165000 | 160,916 | 0.03 |
| 2 | 165001 | 170000 | 334,091 | 0.07 |
| 2 | 170001 | 175000 | 346,000 | 0.07 |
| 1 | 180001 | 185000 | 180,485 | 0.04 |
| 1 | 185001 | 190000 | 185,500 | 0.04 |
| 1 | 190001 | 195000 | 193,427 | 0.04 |
| 2 | 195001 | 200000 | 400,000 | 0.08 |
| 2 | 200001 | 205000 | 408,086 | 0.08 |
| 2 | 215001 | 220000 | 437,000 | 0.09 |
| 1 | 220001 | 225000 | 221,648 | 0.04 |
| 1 | 245001 | 250000 | 250,000 | 0.05 |
| 2 | 255001 | 260000 | 516,589 | 0.10 |
| 1 | 275001 | 280000 | 277,455 | 0.06 |
| 1 | 295001 | 300000 | 300,000 | 0.06 |
| 1 | 305001 | 310000 | 308,000 | 0.06 |
| 1 | 320001 | 325000 | 324,000 | 0.07 |
| 1 | 325001 | 330000 | 329,000 | 0.07 |
| 1 | 340001 | 345000 | 342,605 | 0.07 |
| 1 | 350001 | 355000 | 355,000 | 0.07 |
| 1 | 355001 | 360000 | 357,000 | 0.07 |
| 2 | 375001 | 380000 | 760,000 | 0.15 |

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2018

| No. of Shareholders | Shareholding From | To | Number of Share Held | Percentage |
|------------------------|----------------------|-----------|-------------------------|---------------|
| 1 | 380001 | 385000 | 381,500 | 0.08 |
| 1 | 395001 | 400000 | 400,000 | 0.08 |
| 1 | 400001 | 405000 | 400,945 | 0.08 |
| 1 | 405001 | 410000 | 409,008 | 0.08 |
| 1 | 445001 | 450000 | 447,373 | 0.09 |
| 1 | 470001 | 475000 | 471,316 | 0.09 |
| 1 | 505001 | 510000 | 505,500 | 0.10 |
| 2 | 510001 | 515000 | 1,026,626 | 0.21 |
| 2 | 515001 | 520000 | 1,034,255 | 0.21 |
| 1 | 620001 | 625000 | 622,764 | 0.13 |
| 1 | 625001 | 630000 | 626,558 | 0.13 |
| 1 | 635001 | 640000 | 637,500 | 0.13 |
| 1 | 675001 | 680000 | 678,000 | 0.14 |
| 1 | 705001 | 710000 | 705,758 | 0.14 |
| 1 | 720001 | 725000 | 721,000 | 0.14 |
| 1 | 725001 | 730000 | 728,272 | 0.15 |
| 1 | 750001 | 755000 | 754,500 | 0.15 |
| 1 | 795001 | 800000 | 796,500 | 0.16 |
| 1 | 935001 | 940000 | 938,751 | 0.19 |
| 1 | 1065001 | 1070000 | 1,069,498 | 0.21 |
| 1 | 1755001 | 1760000 | 1,760,000 | 0.35 |
| 1 | 1950001 | 1955000 | 1,950,500 | 0.39 |
| 1 | 1975001 | 1980000 | 1,979,000 | 0.40 |
| 1 | 2365001 | 2370000 | 2,368,863 | 0.48 |
| 1 | 2410001 | 2415000 | 2,413,500 | 0.48 |
| 1 | 2600001 | 2605000 | 2,603,493 | 0.52 |
| 1 | 2645001 | 2650000 | 2,648,000 | 0.53 |
| 1 | 6825001 | 6830000 | 6,828,342 | 1.37 |
| 1 | 7120001 | 7125000 | 7,124,400 | 1.43 |
| 1 | 7940001 | 7945000 | 7,940,436 | 1.59 |
| 1 | 8940001 | 8945000 | 8,941,424 | 1.80 |
| 1 | 12015001 | 12020000 | 12,017,906 | 2.41 |
| 1 | 12250001 | 12255000 | 12,251,186 | 2.46 |
| 1 | 12640001 | 12645000 | 12,644,702 | 2.54 |
| 1 | 15855001 | 15860000 | 15,858,576 | 3.18 |
| 1 | 16110001 | 16115000 | 16,111,830 | 3.24 |
| 1 | 19950001 | 19955000 | 19,950,652 | 4.01 |
| 2 | 20295001 | 20300000 | 40,595,230 | 8.15 |
| 1 | 20550001 | 20555000 | 20,554,204 | 4.13 |
| 1 | 20660001 | 20665000 | 20,663,363 | 4.15 |
| 1 | 24295001 | 24300000 | 24,298,517 | 4.88 |
| 1 | 24795001 | 24800000 | 24,800,000 | 4.98 |
| 1 | 55710001 | 55715000 | 55,713,402 | 11.19 |
| 1 | 131445001 | 131450000 | 131,447,506 | 26.39 |
| 2,965 | | | 498,009,959 | 100.00 |

CATEGORICAL PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2018

| Categories of Shareholders | Number of Shareholders | Number of Shares held | Percentage |
|----------------------------|------------------------|-----------------------|---------------|
| Individuals | 2,912 | 487,983,279 | 97.99 |
| NIT and IDBP (ICP UNIT) | 1 | 88,460 | 0.02 |
| Financial Institutions | 13 | 3,923,872 | 0.79 |
| Insurance Companies | 6 | 170,888 | 0.03 |
| Modarabas & Mutual Funds | 2 | 1,469,498 | 0.30 |
| Joint Stock Companies | 28 | 4,229,978 | 0.85 |
| Others | 3 | 143,984 | 0.03 |
| Total | 2,965 | 498,009,959 | 100.00 |

PATTERN OF SHAREHOLDING UNDER CODE OF CORPORATE GOVERNANCE

AS ON JUNE 30, 2018

| | Total Shares Held | Percentage |
|---|----------------------|---------------|
| A Directors/Chief Executive Officer and their spouse and minor Children | | |
| Mughis A. Sheikh | 19,470,012 | 3.91 |
| Fareed Mughis Sheikh | 206,944,010 | 41.55 |
| Muhammad Tariq | 6,337 | 0.00 |
| Muhammad Atta Ullah Khan | 1,000 | 0.00 |
| Muhammad Ashraf Saif | 1,000 | 0.00 |
| Abdul Hakeem Khan Qasuria | 1,000 | 0.00 |
| Muhammad Ikram Ul Haq | 1,000 | 0.00 |
| <u>Spouse(s) and minor children</u> | | |
| Fozia Mughis Sheikh | 12,251,186 | 2.46 |
| Mahnaz Fareed Sheikh | 74,347 | 0.01 |
| Nadine Fareed Sheikh | 3,309,251 | 0.66 |
| B Executives | - | 0.00 |
| C Associated Companies, Undertakings and related parties | - | 0.00 |
| D Public Sectors Companies & Corporations | - | 0.00 |
| E NIT and IDBP (ICP UNIT) | 88,460 | 0.02 |
| F Banks, Development Financial Institutions & Non-Banking Financial Institutions | 3,923,872 | 0.79 |
| G Insurance Companies | 170,888 | 0.03 |
| H Modarabas & Mutual Funds | 1,469,498 | 0.30 |
| I *Shareholding 5% or above other than those reported above at "A" | 0 | 0.00 |
| J Joint Stock Companies | 4,229,978 | 0.85 |
| K Others | 143,984 | 0.03 |
| L General Public | 245,924,136 | 49.38 |
| Total: - | 498,009,959 | 100.00 |
| <u>*Shareholding 5% or above</u> | | |
| Fareed Mughis Sheikh | 206,944,010 | 41.55 |

The shares held by any member in different Folios have been accumulated in this report where known.

۔ زیر جائزہ مالی سال کے دوران کمپنی کے کسی عہدہ دار کی طرف سے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی گئی۔

مالی حسابات کی تاریخ کے بعد کی مادی تبدیلیاں

مالیاتی حسابات کی تاریخ اور ڈائریکٹرز کی رپورٹ کی تاریخ کی درمیانی مدت میں کوئی مادی تبدیلی نہیں آئی ہے۔

اظہار تشکر

ہم ایگزیکٹوز، افسران اور دیگر عملے کے ارکان کی سخت محنت، تعاون اور مخلصانہ کوششوں کو سراہتے ہیں جو انہوں نے ہر ممکن بہتر نتائج حاصل کرنے میں کیے۔ بورڈ آف ڈائریکٹرز اپنے تمام بنکوں کا بھی شکر گزار جنہوں نے کمپنی کے لئے اپنی حمایت جاری رکھی۔ انتظامیہ اس بات کے لئے پُر اعتماد ہے کہ یہ تعلقات اور تائید آئندہ آنے والے سالوں میں بھی جاری رہے گی۔

منجانب بورڈ

M. Iqbal ul Haq

اکرام الحق

ڈائریکٹر

فرید مغیث شیخ

فرید مغیث شیخ

چیف ایگزیکٹو آفیسر

لاہور: 05 اکتوبر 2018

ویب سائٹ کی دستیابی

کمپنی کے سالانہ اور وسط مدتی مالی حسابات کمپنی کی ویب سائٹ www.colonytextiles.com پر دستیاب ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان

کوڈ آف کارپوریٹ گورننس کے تحت ہم درج ذیل بیان دیتے ہیں

۔ مالیاتی حسابات بشمول تمام رپورٹس واضح اور درست طریقے سے بنائے گئے ہیں

۔ بورڈ آف ڈائریکٹرز نے وژن اور مشن کے بیان اور مجموعی کاروباری حکمت عملی کو منظور کیا ہوا ہے۔

۔ کمپنی نے مالیات کی کتابیں قانون کے مطابق بنائی ہوئی ہیں۔

۔ کمپنی نے امور کی بہتر انجام دہی کے لئے ہر سطح پر رہنما اصول بنائے ہوئے ہیں جو ہر ڈائریکٹر اور ملازمین سے تسلیم شدہ ہیں۔

۔ مالی حسابات کی پالیسیاں مالی حسابات کی تیاری میں مناسب انداز میں لاگو کی گئی ہیں۔

۔ کمپنی نے امور کی بہتر انجام دہی کے لئے ہر سطح پر رہنما اصول بنائے ہوئے ہیں جن پر عمل درآمد ہو رہا ہے۔

۔ بین الاقوامی قوانین مالیات جو کہ پاکستان میں لاگو ہیں پر عمل ہو رہا ہے۔

۔ کمپنی کا اندرونی محاسبی نظام مستحکم ہے اور بہتر انداز میں کام کر رہا ہے۔

۔ کارپوریٹ گورننس پر عمل درآمد کا بیان اس رپورٹ کے ساتھ منسلک ہے اور یہ رپورٹ محاسب کے مطابق ترتیب شدہ ہے۔

۔ کمپنی کے کاروباری معاملات جاری رہنے میں کوئی شکوک و شبہات نہیں ہیں۔

۔ کمپنی لسٹنگ قوانین میں موجود کارپوریٹ گورننس کے تحت بہتر انداز میں عمل پیرا ہے۔

۔ کمپنی سختی کے ساتھ صحت کے اصولوں اور ماحول دوست منصوبوں پر عمل پیرا ہے

۔ مالیاتی حسابات کی تاریخ اور ڈائریکٹرز کی رپورٹ کی تاریخ کی درمیانی مدت میں کوئی مادی تبدیلی نہیں آئی ہے ماسوائے اس کے کہ جو ان مالی حسابات میں لکھ دی گئی ہیں۔

۔ کمپنی کے لسٹنگ کے سال سے لے کر اب تک کے بنیادی حسابات کے اعداد و شمار کا خلاصہ لف ہے۔

۔ ڈائریکٹران کی جانب سے اس سال حصص داران کے لئے منافع کی ادائیگی کا اعلان نہیں کیا گیا۔

۔ واجب الادا ٹیکسز اور دوسرے حکومتی واجبات کی تفصیلات مالی حسابات کے متعلقہ نوٹ میں درج ہیں۔

۔ کمپنی اپنے تمام ملازمین کے لئے شراکتی پروایڈنٹ فنڈ چلا رہی ہے جبکہ انتظامی اور غیر انتظامی عملے کے لئے گریجویٹ فنڈ سکیم پر عمل پیرا ہے۔ جنکی مجموعی سرمایہ کاری درج ذیل ہے:

پروایڈنٹ فنڈز مبلغ 102.57 ملین روپے

گریجویٹ فنڈز مبلغ 81.76 ملین روپے

بورڈ کی کارکردگی کی جانچ کاری

لسڈ کمپنیز کے کوڈ آف گورننس ریگولیشنز 2017 کے تحت ڈائریکٹران نے اپنی اور ذیلی کمیٹیوں کی کارکردگی کی جانچ کاری پرکھنے کے لیے نظام واضح کیا ہے جس کے اصول مشاہراتی کمیٹی کو تفویض کر دیے گئے ہیں۔

چیئر مین کی جائزہ رپورٹ

بورڈ نے چیئر مین کی طرف سے جاری کردہ جائزہ رپورٹ پر غور و خوض کیا ہے اور یہ سالانہ رپورٹ کے ساتھ منسلک ہے۔

کاروباری ضابطہ اخلاق

اخلاقیات اور کاروباری طرز عمل کے ضابطے کمپنی کے ڈائریکٹران اور ملازمین میں تقسیم کیے گئے ہیں اور ان سے تسلیم شدہ ہیں۔

اصولی خطرات

کمپنی کو درپیش خطرات اگر کوئی ہیں، وہ مالی حسابات میں متعلقہ جگہ پر واضح کر دیے گئے ہیں۔

تعمیلی بیان

کمپنی کے ڈائریکٹران کی طرف سے لسڈ کمپنیز کے کوڈ آف گورننس ریگولیشنز 2017 کے تحت تعمیلی بیان منسلک ہے۔

کارپوریٹ گورننس

انتظامیہ نے کارپوریٹ گورننس کی تمام ضروریات پر عمل درآمد کو یقینی بنایا ہے۔ متعلقہ بیان اس رپورٹ میں شامل ہے۔

ملکیتی حصص کا نمونہ

ملکیتی حصص کا نمونہ برائے سال ختمہ 30 جون 2018ء ملف ہے۔

بیرونی محاسبان

کمپنی کے بیرونی محاسب طارق عبدالغنی مقبول اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اپنی خدمات جاری رکھنے کی خواہش ظاہر کی ہے جس کی محاسبی کمیٹی نے بھی نامزدگی کی تائید کی ہے۔ چنانچہ حصص داران سے ان کو دوبارہ تعینات کرنے کی منظوری کی درخواست کی جاتی ہے جبکہ بیرونی محاسب نے اس بات کا یقین دلایا ہے کہ وہ تعیناتی کی قانون میں موجود اہلیت پر پورا اترتے ہیں۔ مزید برآں یقین دہانی کرائی گئی کہ محاسبی ادارے یا اس سے منسلک کسی فرد نے دوران سال کمپنی ہذا کے حصص میں خریداری یا تجارت نہیں کی ہے۔

بہت بہتری کی جانب گامزن ہیں اور اخلاقی اقدار پر عمل پیرا ہیں۔
سماجی تعمیل اور انسانی وسائل کی کمیٹی درج ذیل ممبران پر مشتمل ہے:

| نام | تخصیص | کمیٹی میں عہدہ |
|-------------------------|-----------------------|----------------|
| جناب فرید مغیث شیخ | ایگزیکٹو ڈائریکٹر | چیئر مین |
| جناب محمد عطاء اللہ خان | ٹان ایگزیکٹو ڈائریکٹر | ممبر |
| جناب عطامحی الدین خان | چیف فنانشل آفیسر | ممبر |

بورڈ آف ڈائریکٹرز

کمپنی کے بورڈ آف ڈائریکٹرز جو تعداد میں سات ہیں اپنی آزاد ذمہ داریوں اور کمپنی کو شفاف طریقوں سے نگران کے طور پر اس طرح کے فیصلے کریں کہ اس کی پائیدار ترقی میں اضافہ ہو۔

موجودہ بورڈ میں کوئی خاتون ممبر نہیں ہے اور خاتون ڈائریکٹر آئندہ الیکشن میں منتخب کی جائے گی۔

موجودہ بورڈ آف ڈائریکٹرز کی تخصیص اس طرح سے ہے۔

تفصیل ڈائریکٹران کی تعداد

| | |
|----|----------------------------|
| 01 | آزاد / غیر متعلقہ ڈائریکٹر |
| 04 | ٹان ایگزیکٹو ڈائریکٹرز |
| 02 | ایگزیکٹو ڈائریکٹرز |

آزاد / غیر متعلقہ ڈائریکٹر کی تعداد کے متعلق تعمیل آئندہ انتخابات میں کی جائے گی۔

زیر جائزہ سال میں ڈائریکٹران کے پانچ اجلاس ہوئے تھے، جس میں جناب مغیث اے شیخ اور عبدالکیم خان قصور یہ نے چار اجلاس اور باقی ڈائریکٹران تمام اجلاس میں شمولیت کی۔

محاسنتی کمیٹی کے سال میں چار اجلاس ہوئے، اس کے تمام ممبران نے تمام اجلاس میں شرکت کی، انسانی وسائل اور مراعاتی کمیٹی کا سال میں ایک اجلاس ہوا، جس میں اس کے تمام ممبران نے شرکت کی،

ڈائریکٹران کا معاوضہ

مجموعی طور پر 13.8 ملین روپے ایگزیکٹو ڈائریکٹر کو معاوضہ کی مد میں ادا کئے گئے جبکہ 0.965 ملین روپے ڈائریکٹرز کو اجلاس میں شرکت کی فیس کے طور پر ادا کئے گئے۔ مالی حسابات کے سال کے اختتام کے بعد جولائی 2018 میں چیف ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹر کے معاوضوں میں اضافہ کیا گیا ہے۔

تکنیکی کمیٹی

تکنیکی کمیٹی چیف ایگزیکٹو آفیسر کو مختلف امور پر مشاورت مہیا کرتی ہے جس میں تکنیکی امور اور ماحول کے تحفظ کی منصوبہ بندی اور دیگر امور شامل ہیں۔ یہ کمیٹی مل کے مجموعی معاملات، مطلوبہ معیار کا حصول، پیداواری اہداف کے حصول کی ذمہ دار ہے اور مجاز حدود میں رہتے ہوئے روزانہ کی بنیاد پر درپیش تکنیکی مسائل کو حل کرتی ہے۔

تکنیکی کمیٹی درج ذیل ممبران پر مشتمل ہے:

| نام | تخصیص | کمیٹی میں عہدہ |
|--------------------|-------------------|----------------|
| جناب فرید مغیث شیخ | ایگزیکٹو ڈائریکٹر | چیئر مین |
| جناب محمد طارق | ایگزیکٹو ڈائریکٹر | ممبر |
| جناب محمد شعیب خان | تکنیکی ڈائریکٹر | ممبر |

مالیات کمیٹی

مالیات کمیٹی کا کردار مالیاتی اہداف، سالانہ اور سہ ماہی تخمینہ جات، مجاز اخراجات کی منظوری، اضافی رقم کی سرمایہ کاری اور مالیاتی منصوبہ بندی اور اس کا قانون کے مطابق اطلاق ہے جسے یہ کمیٹی چیف ایگزیکٹو آفیسر کی نگرانی میں سرانجام دے رہی ہے۔

مالیات کمیٹی درج ذیل ممبران پر مشتمل ہے:

| نام | تخصیص | کمیٹی میں عہدہ |
|--------------------------|-------------------|----------------|
| جناب فرید مغیث شیخ | ایگزیکٹو ڈائریکٹر | چیئر مین |
| جناب عطا محی الدین خان | چیف فنانشل آفیسر | ممبر |
| جناب بلال احمد خان نیازی | جنرل منیجر فنانس | ممبر |

سماجی تعمیر اور انسانی وسائل کمیٹی

آپ کی کمپنی کی کامیابی میں ایک اہم عنصر اس کے انتہائی ہنرمند اور پر جوش انفرادی قوت ہے جو ہماری طاقت ہیں۔ ہم بجا طور پر اس حقیقت پر فخر کر سکتے ہیں کہ انسانی وسائل کو ہمیشہ ترجیح دی گئی ہے۔ آج ہم گزشتہ سالوں پر نظر دوڑائیں تو ہم دیکھ سکتے ہیں کہ ہمارے راستے

محاسنتی کمیٹی درج ذیل ممبران پر مشتمل ہے:

| کمیٹی میں عہدہ | تخصیص | ڈائریکٹر کا نام |
|----------------|-----------------------|--------------------------|
| چیئر مین | غیر متعلقہ ڈائریکٹر | جناب محمد اشرف سیف |
| ممبر | نان ایگزیکٹو ڈائریکٹر | جناب عبدالکیم خان قصوریہ |
| ممبر | نان ایگزیکٹو ڈائریکٹر | جناب محمد عطاء اللہ خان |

انسانی وسائل اور مشاہراتی کمیٹی

انسانی وسائل کی کمیٹی نے کمپنی ملازمین کے تمام طبقات کے لئے معاوضے کے علیحدہ علیحدہ منصوبے بنائے ہیں۔ کمپنی میں سازگار ماحول کا بنانا اور اسے برقرار رکھنا، مناسب سلوک، روزگار کے مواقع اور کامیابی کے ساتھ آگے بڑھنے کی سفارشات تیار کرنا اور ان پر عمل درآمد کروانا کمیٹی کی ذمہ داری ہے۔ ہمیں احساس ہے کہ انسانی وسائل کاروباری حکمت عملی کا اہم جزو ہیں۔ انسانی وسائل اور مشاہراتی کمیٹی درج ذیل ممبران پر مشتمل ہے:

| کمیٹی میں عہدہ | تخصیص | ڈائریکٹر کا نام |
|----------------|-----------------------|--------------------------|
| چیئر مین | غیر متعلقہ ڈائریکٹر | جناب محمد اشرف سیف |
| ممبر | نان ایگزیکٹو ڈائریکٹر | جناب عبدالکیم خان قصوریہ |
| ممبر | نان ایگزیکٹو ڈائریکٹر | جناب محمد اکرام الحق |

مجلس عاملہ کمیٹی

مجلس عاملہ کاروبار کے مقاصد مقرر کرنے، مواقع کی نشاندہی، کاروباری مقاصد کو کامیابی کے ساتھ نفاذ کرنے کی ذمہ دار ہے۔ اس کمیٹی کا اہم مقصد ملکی و غیر ملکی گاہکوں کی بدلتی ضروریات پر نظر رکھنا اور کمپنی کے حالات کے مطابق اہداف کا مقرر کرنا ہے۔ مجلس عاملہ کمیٹی درج ذیل ممبران پر مشتمل ہے:

| کمیٹی میں عہدہ | تخصیص | ڈائریکٹر کا نام |
|----------------|-----------------------|-------------------------|
| چیئر مین | ایگزیکٹو ڈائریکٹر | جناب فرید مغیش شیخ |
| ممبر | ایگزیکٹو ڈائریکٹر | جناب محمد طارق |
| ممبر | نان ایگزیکٹو ڈائریکٹر | جناب محمد عطاء اللہ خان |

مستقبل کا نقطہ نظر

مستقبل میں ہم روپے کی گرتی ہوئی قیمت کی بناء پر توقع کرتے ہیں کہ اس سے برآمدات میں اضافہ ہوگا۔ شرح منافع میں اضافہ میں حائل رکائیں جن میں ٹیکسز کی واپسی ادائیگوں میں رکاوٹ، بجلی کے بڑھتے ہوئے نرخ GIDC کا نفاذ، حکومتی غیر واضح پالیسیاں اور امریکہ اور چین کی تجارتی جنگ شامل ہیں باعث تشویش ہیں۔ اس کے ساتھ امریکی معاشی امداد میں بندش کے IMF اور عالمی بینک جیسے اداروں پر اثرات خطرے کی صورت میں ہمارے سامنے ہیں۔ ہم پر اعتماد ہیں کہ نئی حکومت اندرونی و بیرونی خطرات کو مد نظر رکھتے ہوئے ٹیکسٹائل صنعت کو اوپر ڈکر کردہ درکار سہولتیں مہیا کرے گی جس سے پوری پیداواری گنجائش کے ساتھ چلیں گی اور صنعت کی بحالی میں مدد ملے گی۔

کمپنی کو ان کثیر جہتی خطرات کا سامنا ہے اور اس امر میں کوشاں ہے کہ کاروباری لاگت میں کمی کر کے منافع میں اضافہ کرے اور موجودہ درپیش خطرات سے نمٹنے کے کمر بستہ ہو رہی ہے۔ ا۔ ہم اپنی پوری کوشش کر رہے ہیں کہ بہتر انتظام کے اصول اپناتے ہوئے کاروبار کی پیداواری، عملی اور مالی لاگت کو کنٹرول میں رکھ سکیں نئی مہذیوں کی تلاش کریں مگر سخت مقابلہ بازی کی وجہ سے شرح منافع مسلسل دباؤ میں ہے۔

محفوظ صحت مند ماحول

کمپنی اپنے ملازمین اور عوام کے لیے ایسے اقدامات کر رہی ہے جس سے ان کی حفاظت کو یقینی بنایا جاسکے۔ ہم تمام شعبوں مثلاً پیداوار، ترسیل، گودام اور مال کی آمدورفت کے لیے بہتر حفاظتی اقدامات پر توجہ کئے ہوئے ہیں۔ آپ کی کمپنی ماحول کی حفاظت کے لیے ہر ممکن اقدام کر رہی ہے۔

کارپوریٹ سماجی ذمہ داری

سماجی بہبود اور لوگوں کے لیے خدمات زیر توجہ ہیں۔ ہم ٹیکسز ان کے لوازمات اور ملکی زرمبادلہ میں اضافہ کے ذریعے قومی خزانے میں شراکت دار ہیں۔ ہم برابری کی بنیاد پر ملازمت کے مواقع مہیا کرنے پر فخر محسوس کرتے ہیں۔ آپ کی کمپنی ضرورت مند لوگوں کو مفت خوراک، مفت طبی سہولیات اور صاف پانی کی سہولیات مہیا کر رہی ہے۔ ہم یہ بتاتے ہوئے لطف محسوس کر رہے ہیں کہ ہم نے صحت مند اور سرسبز ماحول کے لیے مل کے احاطہ میں 60,000 سے زائد پودے لگائے ہیں۔

محاسبیتی کمیٹی

یہ بورڈ کی سب سے اہم اور موثر کمیٹی ہے۔ کمپنی کے اندرونی محاسبیتی عمل کو اسکے بہترین مفاد میں چلاتے ہوئے اہم کردار ادا کر رہی ہے۔ کمیٹی ممبران نے اندرونی اور بیرونی محاسبان کی رپورٹس کا بغور مطالعہ کیا ہے اور بیرونی محاسب کی تقرری کی سفارش کی ہے۔

کمپنی کا بنیائی کا شعبہ

فروختگی حجم زیادہ ہونے کے باوجود دباؤ کا شکار منڈی کی وجہ سے منافع میں کمی ہوئی۔ خام کپڑے کی غیر یقینی طلب کی وجہ سے مسلسل گرتی ہوئی قیمتوں کے سبب پچھلے دو سالوں سے یہ شعبہ دباؤ کا شکار ہے۔ سرمائے میں کمی کی وجہ سے ہم خام مال کی بروقت عدم خریداری کے باعث شرح منافع کو بہتر نہیں کر سکے۔

موجودہ معاشی صورتحال میں، مسابقتی عالمی منڈی، درآمدی دھماکے پر مسلسل رعایت، بجلی کی بڑھتی ہوئی قیمتیں، GIDC کا نفاذ، امدادی اقدامات کی عدم دستیابی اور انکم ٹیکس اور سیلز ٹیکس کی مد میں واپسی ادائیگوں میں تاخیر جیسے عوامل کمپنی اور ٹیکسٹائل صنعت کے لیے خطرات ہیں۔

ان سب عوامل کے باوجود پاکستان کی ٹیکسٹائل صنعت ملکی معیشت کو صنعتی پیداوار، روزگار کے مواقعوں اور زر مبادلہ کمانے میں اہم کردار ادا کر رہی ہے۔

ذیلی مربوط قرض (Sub-Ordinated Loan)

کمپنی کے بنیادی ڈائریکٹران کمپنی کی فلاح و بہبود کا عزم کئے ہوئے ہیں۔ اسی عزم کے تحت ایک ایگزیکٹو ڈائریکٹر کی طرف سے کمپنی کی مالی حالی حالت کی بہتری کے لیے مبلغ بارہ کروڑ روپے کا بلا سود قرض موجود ہے۔ دیا گیا ہے تاکہ کمپنی کی موجودہ مالی حالت میں بہتری آ سکے۔

حصص داران کے لئے منافع کی تقسیم

کمپنی کے زیر جائزہ مالی سال کے نتائج کو دیکھتے ہوئے کمپنی انتظامیہ نے اس سال حصص داران کو منافع کی ادائیگی نہ کرنے کی سفارش کی ہے۔

مشحکم اور ہموار کاروباری معاملات کے لئے آپ کی کمپنی مالی اداروں کے ساتھ گفت و شنید کے عمل میں ہے تاکہ مالی ذمہ داریوں کو دو بارہ نئے سرے سے بحال کیا جاسکے۔

غیر ادا شدہ منافع منقسمہ

کمپنیز ایکٹ 2017 کی شق نمبر 244 کے تحت کمپنی نے ایسے حصص داران جن کے نام پر 30 مئی 2017 تک تین سال سے منافع منقسمہ کی رقم قابل ادا آرہی ہے، ان کو اطلاع نامے بھیجے گئے ہیں اور اس سلسلے میں ان کی معلومات کے لیے اخبارات میں اشتہارات بھی شائع کئے گئے تھے۔ تاکہ وہ اپنی رقوم حاصل کرنے کے لیے کمپنی سے رابطہ کریں۔ اس بارے میں مکمل تفصیلات کمپنی کی ویب سائٹ پر موجود ہیں۔

ڈائریکٹران رپورٹ برائے حصص داران

کمپنی کے ڈائریکٹرز کی جانب سے، میں سالانہ تنقیح شدہ مالی حسابات برائے سال مختتم 30 جون 2018ء، بشمول محاسب کی رپورٹ پیش کرتا ہوں۔ بموجب کوڈ آف کارپوریٹ گورننس یہ مالی حسابات چیف ایگزیکٹو آفیسر اور چیف اکاؤنٹنٹ صاحبان سے تصدیق شدہ، محاسبتی کمپنی کی تالیف سے بورڈ آف ڈائریکٹرز سے منظور شدہ ہیں۔

اس سال کمپنی کا کاروباری حجم مبلغ 16,595 ملین روپے رہا جبکہ پچھلے سال یہ حجم 13,546 ملین روپے تھا۔ کمپنی کا خام منافع 1,259 ملین روپے ہے جو پچھلے سال 1,003 ملین روپے تھا۔ کمپنی بعد از ادائیگی ٹیکس مبلغ 40 ملین روپے منافع میں رہی جبکہ یہ منافع پچھلے سال مبلغ 97 ملین روپے تھا۔ اس طرح آمدن فی حصہ 0.08 روپے ہے جو کہ پچھلے سال 0.20 روپے فی حصہ تھی۔ دوران سال خام مال کی قیمتوں میں اضافہ کے ساتھ ساتھ پنجاب میں موجود ملوں کے لیے گیس کی قیمتوں میں بھی اضافہ دیکھا گیا۔ ان دو بڑے عناصر کی وجہ سے پیداوار کی لاگت میں خاطر خواہ اضافہ ہوا ہے۔ اگرچہ منڈی میں مقابلہ سازی نے کمپنیوں کو کم قیمت میں بہتر معیار کے لیے دباؤ رکھا۔ تاہم آپ کی کمپنی فروختگی کے حجم کو خاطر خواہ سطح تک بڑھانے میں کامیاب رہی۔

عمومی طور پر صنعت شرح منافع اور برآمدات میں کمی، بڑھتی ہوئی لاگت اور ٹیکس کی رقوم میں واپسی تاخیر کی وجہ سے بہتر نتائج نہیں دے سکی۔ ماسوائے ایسی کمپنیاں جن کے پاس وافر سرمایہ تھا اور انہوں نے خام مال کے ذخائر کی مدد میں قیمتوں میں اضافہ کی وجہ سے شرح منافع میں خاطر خواہ فائدہ حاصل کیا۔ صنعت کے لیے امدادی ٹیکس کے اعلان کے باوجود حکومت اس پر عمل درآمد میں ناکام رہی ہے۔

ٹیکسٹائل صنعت کو معیشت میں ریڑھ کی ہڈی کی حیثیت حاصل ہے لیکن بدقسمتی سے کسی بھی حکومت نے اس صنعت کی طرف توجہ نہیں دی۔ لاگت میں اضافہ کی وجہ سے عالمی منڈی میں چین کی مصنوعات کی کمیابی پر ہمارے حریف مثلاً بنگلہ دیش، ویتنام اور بھارت اپنے کاروبار کو وسعت دینے میں کامیاب ہوئے ہیں۔ یورپی منڈیوں میں ترجیحی سہولت ہونے کے باوجود ہم اپنی برآمدات میں کارکردگی نہیں دکھاسکے۔ ہماری صنعت عالمی منڈی میں مقابلہ سازی کی دوڑ سے باہر ہوتی جا رہی ہے۔

اصولی کاروباری سرگرمیاں

دھاگہ، کپڑا، گارمنٹس کی پیداوار و فروخت اور جائیداد کی تجارت کمپنی کی اصولی سرگرمیوں میں شامل ہیں۔

کمپنی کا کتنا کی کا شعبہ

اگرچہ کتنا کی کا شعبہ میں کاروبار پچھلے سال کی نسبت زیادہ ہوا ہے لیکن تجارتی شرح منافع صنعتی اوسط سے کم ہے۔ کتنا کی کا شعبہ خام مال ذخائر کی بروقت خریداری کی بناء پر منافع میں اضافہ کا باعث ہے۔ بدقسمتی سے ہم سرمائے کی کمی کی وجہ سے خام مال کی بروقت خریداری نہ ہونے کی بناء پر مسلسل نقصان کا سامنا کر رہے ہیں۔ دھاگے کی غیر قانونی درآمد بھی شرح منافع میں کمی کا سبب ہے۔

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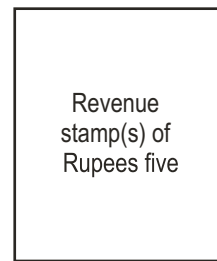
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COLONY TEXTILE MILLS LIMITED

FORM OF PROXY

I/We _____
of _____
being a member of **COLONY TEXTILE MILLS LIMITED** and holder of _____ Ordinary Shares as per
Register Folio / CDC Participant No. _____ hereby appoint Mr./Mrs./Miss. _____
of _____ or failing him / her Mr./Mrs./Miss. _____ of _____
who is also a member of the **COLONY TEXTILE MILLS LIMITED** vide Registered Folio / CDC Participant I.D.
No. _____ as my proxy to vote for me and on my behalf at the 8th Annual General Meeting of the Company to
be held on Saturday the October 27, 2018 at 10.00 a.m. and any adjournment thereof.

Signed this _____ day of October 2018.



Signature
(As registered with the company)

Witness: 1

Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport # _____

Witness: 2

Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport # _____

NOTES:

- This proxy form, duly completed and signed, must be received at the Registered Office of the company not less than 48 hours before the time of holding the Meeting.
- No person shall act as Proxy unless he/she himself / herself is a Shareholder of the Company except that a company may appoint a person as its representative who is not a shareholder.

کالونی ٹیکسٹائل ملز لمیٹڈ

تشکیل نیابت داری برائے سالانہ اجلاس عام

میں / ہم _____ ساکن _____ کالونی ٹیکسٹائل ملز لمیٹڈ کا / کی ا کے حصص دار ہوں / ہیں اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت _____ عمومی حصص کا / کی ا کے مالک ہوں / ہیں۔ اپنی جگہ پر حق رائے دہی کے لیے _____ رہائشی _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر _____ کو یا اس کے نہ آنے کی صورت میں _____ رہائشی _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر _____ کو جو کہ کالونی ٹیکسٹائل ملز لمیٹڈ کا / کی ا کے حصص دار ہے ہیں۔ کو اپنی جگہ بروز ہفتہ بتاریخ 27 اکتوبر 2018 بوقت صبح 10 بجے منعقد ہونے والے آٹھویں سالانہ اجلاس عام یا کسی متبادل دن جو بھی ہوگا میں رائے دہندگی کے لئے نمائندہ مقرر کرتا / کرتی / کرتے ہوں / ہیں۔

پانچ روپے کی رسیدی ٹکٹ
چسپاں کریں

بتاریخ: _____ اکتوبر 2018 کو دستخط کیا گیا

کمپنی کے ریکارڈز کے مطابق دستخط

| گواہ نمبر: 1 | گواہ نمبر: 2 |
|---------------------------|---------------------------|
| دستخط _____ | دستخط _____ |
| نام _____ | نام _____ |
| پتہ _____ | پتہ _____ |
| شناختی کارڈ نمبر یا _____ | شناختی کارڈ نمبر یا _____ |
| پاسپورٹ نمبر _____ | پاسپورٹ نمبر _____ |

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

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

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

Optional

DISPATCH OF ANNUAL FINANCIAL STATEMENTS THROUGH E-MAIL

To

The Company Secretary

Colony Textile Mills Limited
M. Ismail Aiwan-e-Science Building
205-Ferozpur Road
LAHORE.
Email: corporate@colonytextiles.com

Subject: **Consent to receive Audited Financial Statements, Notices, Entitlements and other Information through Electronic Mode**

Dear Sir,

This refers to the above cited subject and S.R.O. 787 (1)/2014 dated September 08, 2014 issued by Securities & Exchange Commission of Pakistan.

In the context of above, I hereby request and authorize the company to send me:

- Audited Financial Statements
- Notices
- Entitlements
- Any other information including the above but not limited thereto.

through Electronic Mode - Email (particulars given below) instead of sending the same through Post as required under provisions of Companies Act, 2017.

| | |
|-------------------------------------|---|
| Name (shareholder) | _____ |
| Registered Folio Number | _____ |
| a) Physical Shareholder | _____ |
| b) In case of CDC Account Holder | i. Participant ID _____ ii. Sub / Investor Account No. _____ |
| Email Address (Compulsory) | _____ |

Further, I hereby undertake that I/we will inform the company immediately upon any change in the above particulars, and the company stand absolves from any responsibility to send the Audited Financial Statements / Notices / Any Information through post.

Thanking You,

Signature of Shareholder(as per record)

Folio Number _____

CNIC Number _____
(please attach photocopy of CNIC)

Compulsory

E-DIVIDEND MANDATE

To

The Company Secretary

Colony Textile Mills Limited

M.Ismail Aiwan -e-Science Building

205-Ferozpur Road

LAHORE.

Email: corporate@colonytextiles.com

Subject: **eDividend Mandate Information**

Dear Sir,

This refers to above cited subject for facility of electronically credit of Dividend in to my Bank Account.

I hereby authorize the company to transfer / credit the dividend amount directly to my Bank Account details of which are given hereunder:

| | |
|----------------------------|--|
| Title of Bank Account | |
| Bank Account Number (IBAN) | |
| Bank's Name | |
| Branch Name and Address | |
| Cell number of Shareholder | |
| eMail Address | |

It is stated that the above mentioned information is correct and I/we will inform the company / share registrar immediately upon any change in the above particulars.

Thanking You,

Signature of Shareholder
(as per record)

Shareholder Name: _____

Folio Number: _____

CNIC Number: _____
(please attach photocopy)