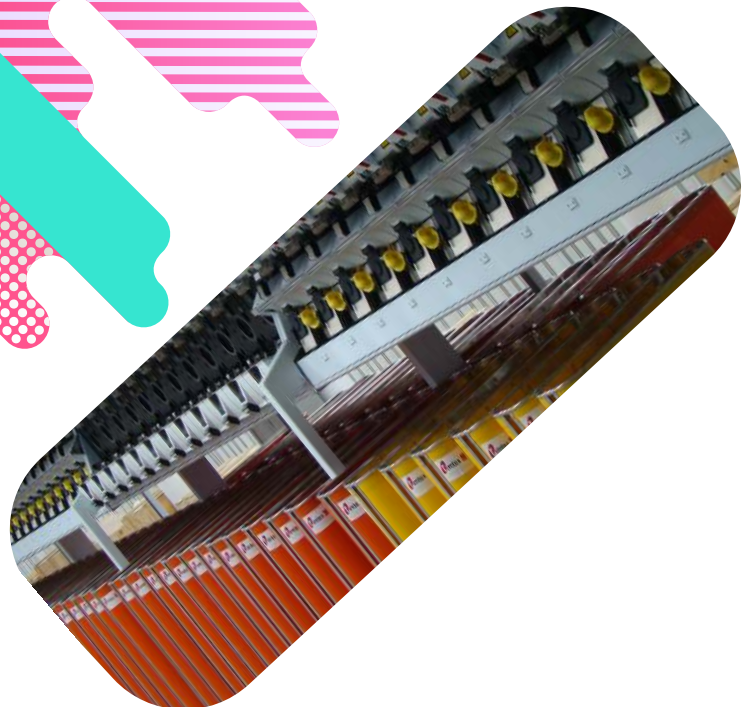
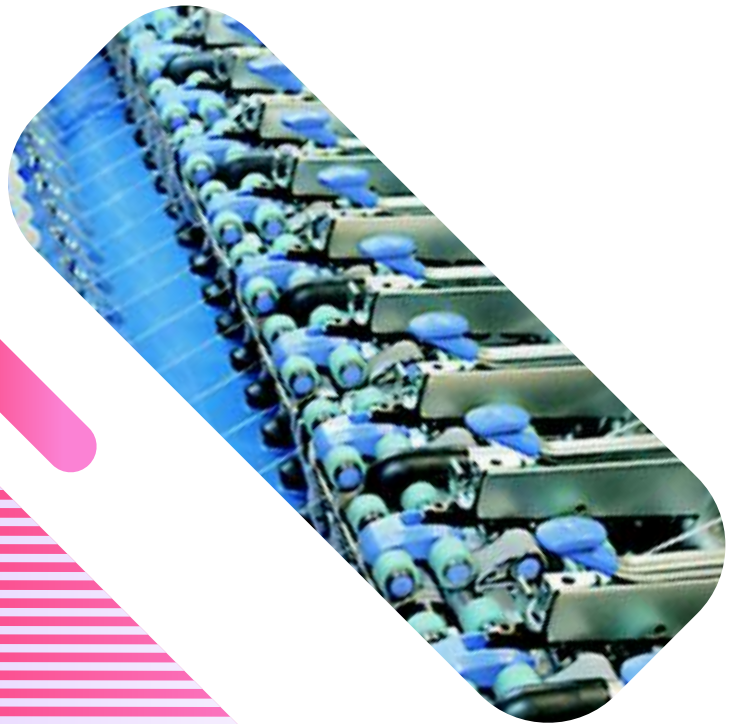




# COLONY TEXTILE MILLS LIMITED



ANNUAL  
REPORT

2017



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

COLONY TEXTILE MILLS LIMITED  
Accounts For the Year  
Ended  
June 30, 2017

## Vision

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*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

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*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 M. 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 M. Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Muhammad Atta ullah Khan	

#### Technical Committee

Mr. Fareed M. Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Zafar Mohyuddin	

#### Finance Committee

Mr. Fareed M. Sheikh	(Chairman)
Mr. Atta Mohyuddin Khan	
Mr. Bilal Ahmad Khan	
Mr. Hammad Shakeel	

#### Social Compliance & Human Resource

Mr. Fareed M. 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

HAIDERMOTABNR  
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

BankIslami 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 7<sup>th</sup> Annual General Meeting of the shareholders of Colony Textile Mills Limited will be held on October 28, 2017 at 10:00 a.m. at Ismail Aiwana-e-Science Building, 205-Ferozepur Road, Lahore to transact the following:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2017 together with auditors and directors' reports thereon.
2. To appoint the auditors and to fix their remuneration for the next financial year 2017-18.
3. To elect seven (07) directors as fixed by the Board of Directors u/s 159(1) of the Companies Act, 2017. The names of retiring directors are:
 

I.	Mr. Mughis A. Sheikh	ii.	Mr. Fareed M. Sheikh
iii.	Mr. Muhammad Tariq	iv.	Mr. Muhammad Atta ullah Khan
v.	Mr. Muhammad Ashraf Saif	vi.	Mr. Abdul Hakeem Khan Qasuria
vii.	Mr. Muhammad Ikram ul Haq		
4. Any other business with the permission of Chairman.

By Order of the Board

-sd-  
Muhammad Abid  
Company Secretary

Lahore:  
October 07, 2017

### NOTES:

- i. The Share Transfer Books of the Company will remain closed from October 20, 2017 to October 26, 2017 (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. Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 787(I) / 2014 has facilitated the Companies to circulate Audited Financial Statements or Notices etc. through e-mail after obtaining prior written consent of its members. The members who intend to receive the Audited Accounts through email are therefore, requested to kindly send their written consent along with valid e-mail address on a standard request form available at website of the company at [www.colonytextiles.com](http://www.colonytextiles.com).



## Notice of Annual General Meeting

- v. 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 Registered Folio # / CDC Account # / Participant Id # hereby opt for Video conference facility at -----.

-----  
Signature of shareholder

- vi. Pursuant to section 244 of the Companies Act 2017 (the "Act"), SECP has directed all Companies to submit a statement to the Commission through eServices portal stating therein the number or amounts, as the case may be, which remain unclaimed or unpaid for a period of three years from the date it is due and payable as of 30<sup>th</sup> May, 2017 in respect of shares of a Company / dividend and any other instrument or amount which remain unclaimed or unpaid, as may be specified. Through this notice, the shareholders are intimated to contact with the Company for any unclaimed dividend / shares.
- vii. Under provisions of section 242 of the Companies Act 2017, any dividend payable in cash shall only be paid through electronic mode directly into the Bank Account designated by the entitled shareholders. The shareholders are therefore, advised to provide their complete bank details, sending the company duly filled and signed e-Dividend Mandate Form available at Company's website. Members having shares in book form are advised to please update their profile with respective CDC Participants.
- viii. Any person who intends to contest the election to the office of Directors, file a notice of his/her intention to contest the election as Director. The said notice is required to be received by the Company at its Registered Office not later than 14-days before the date of Annual General Meeting.
- ix. The Annual Financial Statements are being transmitted to shareholders through CD/DVD and also have been placed at website of the Company at [www.colonytextiles.com](http://www.colonytextiles.com). However, the company shall send printed copy of its Financial Statements to desirous member within a week of such request without any cost.
- x. As earlier requested, Members are again advised:
- To provide the copies of their valid CNIC's if not provided earlier to update the members register.
  - To notify the change of address immediately, if any.

## Directors' Report to the Members

On behalf of the Board of Directors, We present before you the annual report of the company along with audited financial statements for the year ended June 30, 2017. 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 13,546 million as compared to the last year sales of Rupees 11,720 million. The gross profit for the year is Rupees 1,003 million against previous year's gross profit of Rupees 248 million. The bottom line showed a net profit of Rupees 97 million with earnings per share of Rupees 0.20 as compared to net loss of Rupees 890 million with loss per share of 1.79 for last year.

The global economic slowdown continues while capacity increases continue to come on line in the region, consequently margins are under pressure and continue to erode. Overall it's the challenging time for the textile industry of Pakistan as we are facing immense challenges from our regional competitors where the Governments are more supportive to the textile industry to make them more competitive. There is a drastic decline in Pakistan's exports including the textile sector and contrary to expectations the zero rated regime and textile package had failed to generate positive trend in textile exports. On the other hand rising costs of doing business and delays in release of tax refunds, regional and national changing scenarios are making the things more difficult.

The performance of the spinning and weaving segments is very disappointing due to the reason that the exporters have been relying on China for last many years and due to slow down in China, yarn and greige fabric exports from Pakistan have declined significantly. The general expectation is that these sectors will continue to remain challenging in Pakistan in future also because of ever increasing cost of doing business.

### Spinning Segment

Factors which largely contributed to decline are lack of industry competitiveness in the region and weak Chinese demand. Continuous rise in raw material prices both locally and internationally along with slower growth in yarn prices also aggravated the industry performance and squeezed the gross margins of spinning segment. Consequently ever rising input costs and demand side bottlenecks are major hindrances in giving boost to sector's performance during the year.

### Weaving Segment

Greige Fabric global demand continues to remain low and buyers are reluctant to build up inventory levels. We are facing stiff competition from other countries. This situation is creating pressure on fabric prices and we are forced to sell on low margins. Keeping in view increase in raw material prices, the management has been taking steps to improve performance, including focusing on new business avenues in local and international markets. Management expects that these steps would yield positive results in future.

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.

## Directors' Report to the Members

### ELECTION OF DIRECTORS

The term of office of present Directors of the Company is going to be completed on October 31, 2017. In terms of Section 159(1) of the Companies Act, 2017, the directors have fixed the number of directors at seven (7) to be elected in the Annual General Meeting.

Any person who seeks to contest the election of directors shall, whether he is retiring director or otherwise, file with the company his/her notice of intention to contest the election not later than fourteen days before the date of Annual General Meeting.

### DIVIDEND

Considering the financial results of the company for the year ended June 30, 2017 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.

### FUTURE OUTLOOK

Declining exports and uncertain political and security situation are big challenges for the Government. Despite of some positive steps including textile policy, interest rate reduction and zero rating of textile sector, the overall results of these on economy at large remain to be seen because specially the textile package was just announced but never implemented. In short the current macro-economic scenario is not very amicable because the imposition of duty and taxes on imported cotton, artificial strength of Rupee to avoid devaluation, blockage of refunds and rising tariffs of energy are the main ingredients of this situation. Hence the future results depend upon the response of local and international markets along with business friendly policies of the Government for the textile sector.

Despite of challenging operating environment and increasing competitive intensity, we remain optimistic about the future outlook of the business. The Company will continue to drive the agenda of meeting consumer needs through relevant innovations and stronger brand equity. The management is striving to achieve cost rationalization targets and hopeful that gross profit margins will improve. We are trying our best to affectively adopt the principal of lean management in every aspect of our business in order to control production, operational and financial costs.

### 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. The committee recommends the appointment of the external auditors and also review the critical reporting made by the internal and external auditors.

### HUMAN RESOURCE & REMUNERATION COMMITTEE

The human resource committee determines the compensation packages for all cadres of the company's employees. 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.

## Directors' Report to the Members

### 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.

### 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.

### 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.

### SOCIAL COMPLIANCE AND HUMAN RESOURCE

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.

### BOARD MEETINGS

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

Directors' Name	Board of Directors	Audit Committee	HR Committee
Mr. Mughis A Sheikh	4	-	-
Mr. Fareed M. Sheikh	4	-	-
Mr. Muhammad Tariq	4	-	-
Mr. M. Atta Ullah Khan	4	5	-
Mr. M. Ashraf Saif	4	5	2
Mr. Abdul Hakeem Khan	4	5	2
Mr. M. Ikram ul Haq	4	-	2

## Directors' Report to the Members

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

### 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, 2017 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.

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](http://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.

- Certain changes have been made in respect of the disclosure and presentation of the financial statement through promulgation of Companies Act 2017 (The Act). The application of the Act in relation to preparation of the financial statements for the year ended June 30, 2017 has been deferred by the Securities and Exchange Commission of Pakistan through its circulars 17 dated July 20, 2017. Therefore, these financial statements have been prepared in accordance with the Companies Ordinance, 1984 (repealed) and relevant IFRSs.
- 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.

## Directors' Report to the Members

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


Provident Funds	Rs. 67.15 million
Gratuity Funds	Rs. 57.49 million

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

### 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 quiet 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 M. Sheikh  
Chief Executive Officer

Lahore  
Dated: October 07, 2017

## Financial Highlights

	Year Ended	Year Ended	Year Ended	Year Ended
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)
<b>Operating performance</b>				
Sales-net	13,545,840	11,719,850	15,957,105	22,285,945
Gross profit	1,002,575	247,653	724,310	1,470,102
(Loss)/Profit before taxation	315,350	(895,582)	(841,851)	(33,683)
(Loss)/Profit after taxation	97,130	(889,811)	(896,757)	(234,283)
<b>Financial position</b>				
Property, plant and equipment-net	18,544,860	19,157,470	19,103,555	18,703,906
Capital work in progress	359,238	453,483	687,404	1,319,460
Fixed assets	18,904,098	19,610,953	19,790,959	20,023,366
<b>Current assets</b>				
Stores, spare parts, loose tools and stock in trade	259,133	5,398,410	5,492,361	5,421,034
Other current assets	6,832,742	1,428,806	1,422,594	1,825,161
Cash and cash equivalents	40,283	56,885	58,271	64,881
	7,132,158	6,884,101	6,973,226	7,311,076
<b>Total assets</b>	<b>26,036,256</b>	<b>26,495,054</b>	<b>26,764,185</b>	<b>27,821,622</b>
<b>Current liabilities</b>				
Short term bank borrowings	4,014,668	4,302,009	4,315,040	4,495,475
Current portion of long term financing	1,654,552	1,456,685	1,021,787	1,705,848
Other current liabilities	3,163,196	3,361,196	3,302,093	2,675,167
	8,832,416	9,119,890	8,638,920	8,876,490
<b>Number of shares (in thousands)</b>	<b>498,010</b>	<b>498,010</b>	<b>498,010</b>	<b>498,010</b>
<b>Ratios</b>				
Gross profit ratio	7.40%	2.11%	4.54%	7.51%
Net profit/(loss) ratio	0.72%	(7.59%)	(5.62%)	(1.05%)
Earning/(loss) per share	0.20	(1.79)	(1.80)	(0.47)
Current ratio	0.81	0.75	0.81	0.82
<b>Capital structure ratio</b>				
Debt to equity	0.54	0.53	0.51	0.56

## Statement of Compliance of the Code of Corporate Governance for the Year ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Listing Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent	1- Mr. Muhammad Ashraf
Non-Executive Directors	1- Mr. Mughis A. Sheikh 2- Mr. Muhammad Atta Ullah Khan 3- Mr. Abdul Hakeem Qasuria 4- Mr. Muhammad Ikram-ul Haq
Executive Directors	1- Mr. Fareed Mughis Sheikh 2- Mr. Muhammad Tariq

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

- 2) The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- 3) All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial company, or being a member of a stock exchange, has been declared as defaulter by the stock exchange.
- 4) No casual vacancy was occurred during the year.
- 5) The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 6) The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7) All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
- 8) The meetings of the Board were presided by the Chairman and, in his absence, by a director elected by the board for the purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9) The company has two directors on its Board having awarded the certificate of Directors' Training Program (DTP) and two directors who are exempted from the Directors' Training Program as per specified criteria. Consequently, four directors (half of the members) have the prescribed qualification required under DTP. The company ensures that the requirements of the code will be met as and when specified. Besides Directors' Training Program, internal orientation course(s) were arranged for the directors and key personnel's during the year to equip and familiarize them with the changes in law to discharge their duties efficiently.
- 10) The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment at the time of their respective appointments. During the year no such appointment was made.



## Statement of Compliance of the Code of Corporate Governance for the Year ended June 30, 2017

- 11) The Directors' report for this year has been prepared in compliance with the requirement of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
- 12) The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- 13) The directors, CEO and executives do not hold any interest in the shares of the Company other than those disclosed in the pattern of shareholding.
- 14) The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
- 15) The Board has formed an Audit Committee. It comprises three members, of whom all are the non-executive directors and the chairman of the committee is an independent director.
- 16) The meetings of the audit committee were held prior to approval of final and interim results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17) The Board has formed an HR and Remuneration Committee. It comprises three members, of whom all are Non-Executive Directors and the chairman of the committee is an independent director.
- 18) The Board has set up an effective internal audit function with competent team members lead by Head of Internal Audit, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- 19) The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
- 20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21) The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's security, was determined and intimated to directors and stock exchange.
- 22) Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
- 23) The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
- 24) We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

On behalf of the Board of Directors



Muhammad Ikram ul Haq  
Director



Fareed M. Sheikh  
Chief Executive Officer

Lahore:  
October 07, 2017

## Review Report to the Members on Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Colony Textile Mills Limited ("the Company") for the year ended 30 June 2017 to comply with the requirements of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange where the Company is listed.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's 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 Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

07 October 2017  
Lahore



Tariq Abdul Ghani Maqbool and Company  
Chartered Accountants  
Shahid Mehmood

## Auditors' Report to the Members

We have audited the annexed Balance Sheet of Colony Textile Mills Limited ("the company") as at 30 June 2017 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

## Auditors' Report to the Members

- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, 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 2017 and of the loss, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

Date: 07 October 2017  
Lahore

  
Tariq Abdul Ghani Maqbool and Co.  
Chartered Accountant  
Shahid Mehmood

# Balance Sheet

as at June 30, 2017

	Note	2017 Rupees ('000')	2016 Rupees ('000')
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised share capital	7	5,300,000	5,300,000
Issued, subscribed and paid up capital	8	4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
General reserves		4,702	4,702
Unappropriated losses		(268,780)	(364,974)
Surplus on remeasurement of investments		958	474
		7,873,368	7,776,690
Surplus on revaluation of property, plant and equipment	20	12,644	-
Non-Current Liabilities			
Long term financing	9	7,344,325	7,223,207
Directors' subordinated loan	10	120,000	120,000
Liabilities against assets subject to finance lease	11	36,961	32,371
Deferred liabilities	12	2,824,687	2,447,971
		10,325,973	9,823,549
Current Liabilities			
Trade and other payables	13	1,522,529	1,993,536
Short term borrowings	14	4,014,668	4,302,009
Accrued mark up	15	1,575,516	1,329,798
Current portion of long term liabilities	16	1,654,552	1,456,685
Provision for taxation	17	65,151	37,862
		8,832,416	9,119,890
Contingencies and commitments	18	-	-
		27,044,401	26,720,129

Chief Financial Officer

Director

# Balance Sheet

as at June 30, 2017

	Note	2017 Rupees ('000')	2016 Rupees ('000')
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	19	18,904,098	19,610,953
Investment property	20	489,160	-
Long term investments	21	469,073	175,425
Long term deposits		49,912	49,650
		<u>19,912,243</u>	<u>19,836,028</u>
<b>Current Assets</b>			
Stores, spare parts and loose tools	22	259,133	213,718
Stock in trade	23	5,155,709	5,184,692
Trade debts	24	551,095	462,075
Loans and advances	25	181,161	113,912
Trade deposits and short term prepayments	26	116,195	102,081
Other financial assets	27	41	38
Tax refunds due from the Government	28	828,541	750,700
Cash and bank balances	29	40,283	56,885
		<u>7,132,158</u>	<u>6,884,101</u>
		<u>27,044,401</u>	<u>26,720,129</u>

The annexed notes from 01 to 50 form an integral part of these financial statements.

Chief Executive Officer

# Profit and Loss Account

For the year ended June 30, 2017

	Note	2017 Rupees ('000')	2016 Rupees ('000')
Sales - net	30	13,545,840	11,719,850
Cost of sales	31	12,543,265	11,472,197
Gross profit		1,002,575	247,653
Operating expenses:			
Distribution cost	32	179,258	162,648
Administrative expenses	33	233,476	194,758
		412,734	357,406
Operating profit/(loss)		589,841	(109,753)
Finance cost	34	735,519	835,141
Other operating charges	35	651	193,342
		736,170	1,028,483
Other income	36	461,679	242,654
Profit/(loss) before taxation		315,350	(895,582)
Taxation	37	218,220	(5,771)
Profit/(loss) after tax for the year		97,130	(889,811)
		Rupees	Rupees
Earning/(loss) per share - basic and diluted	38	0.20	(1.79)

The annexed notes from 01 to 50 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, 2017

	Note	2017 Rupees ('000')	2016 Rupees ('000')
Profit/(loss) for the year		97,130	(889,811)
Other comprehensive income:			
Items that will not be reclassified to profit and loss account:			
Remeasurement of defined benefit obligation		(1,232)	(1,121)
Deferred tax thereon		296	247
		(936)	(874)
Items that may be reclassified to profit and loss account:			
Net fair value gain/(loss) on available for sale investment		484	(62)
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR</b>		<b>96,678</b>	<b>(890,747)</b>

The annexed notes from 01 to 50 form an integral part of these financial statements.

Chief Financial Officer

Director

Chief Executive Officer



# Cash Flow Statement

For the year ended June 30, 2017

	Note	2017 Rupees ('000')	2016 Rupees ('000')
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	47	881,961	1,103,002
Finance cost paid		(122,174)	(345,644)
Staff retirement benefit paid		(64,496)	(77,042)
Income tax paid		(114,151)	(189,111)
		(300,821)	(611,797)
Net cash generated from operating activities		581,140	491,205
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(634,064)	(687,764)
Proceeds from disposal of property, plant and equipment		350	1,804
Investment property		-	311,618
Long term deposits		(262)	-
Net cash used in investing activities		(633,976)	(374,342)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances received/(repaid)		320,194	(108,062)
Lease rentals - Net		3,381	2,844
Short term borrowings - Net		(287,341)	(13,031)
Net cash generated from/(used in) financing activities		36,234	(118,249)
Net decrease in cash and cash equivalents		(16,602)	(1,386)
Cash and cash equivalents at beginning of the year		56,885	58,271
Cash and cash equivalents at end of the year		40,283	56,885

The annexed notes from 01 to 50 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, 2017

Rupees ('000')						
	Share capital	Reserve arising on amalgamation	Revenue reserves		Surplus on re-measurement of investments	Total
			General Reserves	Unappropriated profit/loss		
Balance as at 01 July 2015	4,980,100	3,156,388	4,702	525,711	536	8,667,437
Total Comprehensive Income for the year						
Loss for the year	-	-	-	(889,811)	-	(889,811)
Remeasurement of defined benefit obligation	-	-	-	(874)	-	(874)
Net fair value loss on available for sale investment	-	-	-	-	(62)	(62)
Total comprehensive loss for the year	-	-	-	(890,685)	(62)	(890,747)
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
Remeasurement of defined benefit obligation	-	-	-	(936)	-	(936)
Net fair value gain on available for sale investment	-	-	-	-	484	484
Total comprehensive profit for the year	-	-	-	96,194	484	96,678
Balance as at 30 June 2017	4,980,100	3,156,388	4,702	(268,780)	958	7,873,368

The annexed notes from 01 to 50 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, 2017

## 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, fabrics, garments made ups and trading in real estate.

## 2 BASIS OF PREPARATION

### 2.01 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated 20 July 2017 communicated that the Commission has decided that companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives shall take precedence.

### 2.02 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

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2016:

Improvement to Accounting Standards Issued by the IASB

IAS 7 -	Disclosure initiative
IAS 12 -	Recognition of deferred tax asset for unrealized losses
IFRS 12 -	Disclosure of interest in other entities

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

- Standards, interpretations and amendments to published standards that are effective but not relevant to the company

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 01 July 2016 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

- 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.

IFRS 2 -	Classification and measurement of share based payment transactions	01 January 2018
IFRS 4 -	Insurance contracts	01 January 2018
IFRS 1 -	First time adoption of International Financial Reporting Standards	01 January 2018
IAS 40 -	Investment property	01 January 2018
IAS 28 -	Investment in associates and joint venture	01 January 2018

# Notes to the Financial Statements

For the year ended June 30, 2017

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, 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 09 -	Financial Instruments: Classification and Measurement	01 January 2018
IFRS 15 -	Revenue from Contracts with Customers	01 January 2018
IFRIC 22 -	Foreign currency transaction and advance consideration	01 January 2018
IFRIC 23 -	Uncertainty over Income Tax treatments	01 January 2019
IFRS 16 -	Leases	01 January 2019
IFRS 17 -	Insurance contracts	01 January 2021

## 3 FUNCTIONAL AND PRESENTATION CURRENCY

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

## 4 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.

## 5 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.

# Notes to the Financial Statements

For the year ended June 30, 2017

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.

## 6 SIGNIFICANT ACCOUNTING POLICIES

### 6.01 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.

### 6.02 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, 2017

## 6.03 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 profit and loss account 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.

## 6.04 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.

# Notes to the Financial Statements

For the year ended June 30, 2017

## 6.05 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 profit and loss account in the period in which these arise.

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 account 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 profit and loss account 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 profit and loss account 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 profit and loss account 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.

# Notes to the Financial Statements

For the year ended June 30, 2017

(v) Investment in unquoted securities

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

6.06 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.

6.07 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.

6.08 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.

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.

6.09 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.

6.10 Cash and cash equivalents

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



# Notes to the Financial Statements

For the year ended June 30, 2017

## 6.11 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 profit and loss account in the period in which these are incurred.

## 6.12 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.

## 6.13 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.

## 6.14 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 or 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.

# Notes to the Financial Statements

For the year ended June 30, 2017

## 6.15 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.

## 6.16 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.

## 6.17 Dividend

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

## 6.18 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.

## 6.19 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.

## 6.20 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.

## 6.21 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.

# Notes to the Financial Statements

For the year ended June 30, 2017

## 6.22 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.

## 6.23 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.

	Note	2017 Rupees ('000')	2016 Rupees ('000')
<b>7. AUTHORIZED SHARE CAPITAL</b>			
185,000,000 (2016: 185,000,000) ordinary shares of Rs. 10/- each		1,850,000	1,850,000
Capital of merged companies			
345,000,000 (2016: 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>
<b>8. ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
20,000 (2016: 20,000) ordinary shares of Rs. 10/- each issued as fully paid shares		200	200
497,989,959 (2016: 497,989,959) fully paid 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>

- Fully paid ordinary shares, which have a par value of Rs. 10/-, carry one vote per share and carry right to dividends.

- 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.

- There are no shares reserved for issue under options and contracts for the sale of shares.

# Notes to the Financial Statements

For the year ended June 30, 2017

	Note	2017 Rupees ('000')	2016 Rupees ('000')
<b>9. LONG TERM FINANCING</b>			
From banking companies-Secured			
Name of the Bank			
The Bank of Punjab	9.01	6,590,871	6,640,871
Soneri Bank Limited	9.02	671,389	671,389
National Bank of Pakistan	9.03	586,844	586,844
Bank Islami Pakistan (formerly KASB Bank Limited)	9.04	554,761	554,761
Silk Bank	9.05	373,215	-
Habib Bank Limited	9.06	99,962	99,962
Faysal Bank Limited	9.07	88,393	88,393
From other financial institutions-Secured			
Saudi Pak Industrial and Agricultural Investment Company Limited	9.08	-	3,021
		8,965,435	8,645,241
Less: Current portion	16	1,621,110	1,422,034
		7,344,325	7,223,207

9.01 This loan facility has been restructured as on 30 December 2016 by allowing one year moratorium. Total tenure of the loan is 15 years (60 Quarters) from 31-12-2016 to 30-09-2031. Mark up is payable on quarterly basis at cost of funds less administrative cost of the preceeding quarter. This facility is secured by joint pari passu charge on fixed and current assets of the company.

9.02 The facility has been obtained from Soneri Bank Limited and is to be repaid in equal installments ending on December 31, 2021. Mark-up is payable at the rate of 3 month KIBOR (2016: 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.

9.03 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% (2016: 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.

9.04 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 (2016: 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.

# Notes to the Financial Statements

For the year ended June 30, 2017

- 9.05 This loan has been obtained from Silk Bank of Pakistan. 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 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.
- 9.06 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%. This finance facility is secured against joint parri passu charge on fixed assets of the company.
- 9.07 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 (2016: 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.
- 9.08 This facility has been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited and was repayable in 36 equal monthly installments, commencing from April 2014 and has been fully paid off. Mark-up was payable @ 3 month KIBOR plus 2.5% (2016: 3 month KIBOR plus 2.5 %) per annum. The loan was secured against existing joint pari passu charge of Rs. 94 million over fixed assets of the company and personal guarantee of a director.

	Note	2017 Rupees ('000')	2016 Rupees ('000')
10. DIRECTORS' SUBORDINATED LOAN			
Directors' subordinated loan	10.01	120,000	120,000
		<u>120,000</u>	<u>120,000</u>

- 10.01 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.

	Note	2017 Rupees ('000')	2016 Rupees ('000')
11. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments	11.01	70,403	67,022
Less: Current portion		<u>(33,442)</u>	<u>(34,651)</u>
		<u>36,961</u>	<u>32,371</u>

# Notes to the Financial Statements

For the year ended June 30, 2017

- 11.01 These represent 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 6.11% to 10.16% (2016: 7.99 % to 14.71 % ) per annum being the interest rates implicit in leases. The purchase option is available to the Company on payment of last installments 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:

	Note	2017 Rupees ('000')	2016 Rupees ('000')
Not later than one year		31,563	56,879
Later than one year but not later than five years		64,705	37,346
Later than five years		-	2,924
		<u>96,268</u>	<u>97,149</u>
Less: Financial charges allocated to future periods		<u>(25,865)</u>	<u>(30,127)</u>
Present value of minimum lease payments	11.02	<u>70,403</u>	<u>67,022</u>
Less: Current portion		<u>(33,442)</u>	<u>(34,651)</u>
		<u>36,961</u>	<u>32,371</u>
11.02 Present value of minimum lease payments			
Due not later than one year		33,442	34,651
Due later than one year but not later than five years		36,961	32,371
		<u>70,403</u>	<u>67,022</u>
12. DEFERRED LIABILITIES			
Deferred taxation	12.01	261,629	107,304
Deferred mark up	12.02	2,505,567	2,292,417
Staff retirement benefits	12.03	<u>57,491</u>	<u>48,250</u>
		<u>2,824,687</u>	<u>2,447,971</u>
12.01 Deferred taxation	Note	2017 Rupees ('000')	2016 Rupees ('000')
Deferred taxation comprises of the following:			
Deferred tax liability on taxable temporary differences in respect of the following:			
- Accelerated tax depreciation allowance		2,419,086	1,858,365
Deferred tax asset on deductible temporary differences in respect of the following:			
- Unused tax losses to the extent of available taxable temporary differences		1,540,940	1,261,092
- Finance lease liabilities		16,897	14,752
- Minimum tax available for carry forward		585,107	463,431
- Provision for stores, spares and loose tools		271	366
- Provision for doubtful debts		444	553
- Staff retirement benefits		13,798	10,867
		<u>2,157,457</u>	<u>1,751,061</u>
		<u>261,629</u>	<u>107,304</u>

# Notes to the Financial Statements

For the year ended June 30, 2017

	Note	2017 Rupees ('000')	2016 Rupees ('000')
12.02 Deferred mark up			
Opening balance		4,679,983	4,347,285
Provision during the year		367,628	537,145
		<u>5,047,611</u>	<u>4,884,430</u>
Less: paid/adjusted during the year		-	204,447
		<u>5,047,611</u>	<u>4,679,983</u>
Present value adjustment		2,542,044	2,387,566
		<u>2,505,567</u>	<u>2,292,417</u>

It represents mark up deferred by Faysal Bank Limited, Bank Islami Limited (formerly KASB Bank Limited), Soneri Bank Limited, Silk Bank Limited and 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.

	Note	2017 Rupees ('000')	2016 Rupees ('000')
12.03 Staff retirement benefits - unfunded gratuity scheme			
(a) Reconciliation of amounts recognized in the balance sheet:			
Present value of defined benefit obligation		<u>57,491</u>	<u>48,250</u>
Net liability at the end of the year		<u>57,491</u>	<u>48,250</u>
(b) Movement in net liability			
Net liability at beginning of the year		48,250	22,287
Charge for the year		<u>72,504</u>	<u>101,884</u>
		120,754	124,171
Remeasurements chargeable in other comprehensive income		1,232	1,121
Benefits paid during the year		<u>(64,495)</u>	<u>(77,042)</u>
Net liability at end of the year		<u>57,491</u>	<u>48,250</u>
(c) Changes in the present value of defined benefit obligation			
Defined benefit obligation at beginning of the year		48,250	22,287
Current service cost		35,164	99,760
Interest Cost		<u>37,340</u>	<u>2,124</u>
		120,754	124,171
Remeasurements chargeable in OCI		1,232	1,121
Benefits paid during the year		<u>(64,495)</u>	<u>(77,042)</u>
Present value of defined benefit obligation at end of the year		<u>57,491</u>	<u>48,250</u>
(d) Charge for the year			
Current service cost		35,164	99,760
Interest Cost		<u>37,340</u>	<u>2,124</u>
		<u>72,504</u>	<u>101,884</u>

# Notes to the Financial Statements

For the year ended June 30, 2017

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

	2017	2016
Discount rate	7.75%	7.25%
Expected rate of increase per annum in future salaries	6.75%	6.25%
Expected average remaining working life of employees	3 years	3 years
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 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%	84,354	86,966
Increase in future salaries	1%	86,884	84,166

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.

**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.



# Notes to the Financial Statements

For the year ended June 30, 2017

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.

		2017 Rupees ('000')	2016 Rupees ('000')
13. TRADE AND OTHER PAYABLES	Note		
Trade creditors		642,064	997,544
Accrued liabilities		294,886	406,777
Bills payables	13.01	480,918	446,120
Advance from customer		56,660	89,638
Withholding tax payable		44,422	45,862
Unclaimed dividend		1,319	1,328
Others		2,260	6,267
		<u>1,522,529</u>	<u>1,993,536</u>
13.01 Bills payable include overdue amount of Rs. 402 million (2016: 274 million) payable to National Bank of Pakistan and Faysal Bank Limited.			
14. SHORT TERM BORROWINGS	Note		
Banking companies - secured		<u>4,014,668</u>	<u>4,302,009</u>
14.01. Short term borrowings are available from banking companies under mark-up arrangements. The rates of mark up range from 3.86% to 10.75% per annum (2016: 4.60% to 13.80%). 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 of the Company.			
14.02 From the total aggregate short term facilities of Rs. 4,127 million (2016: 4,495.88 million), the amount of Rs. 112 (2016: Rs. 193.87) million remained unutilized as at 30 June 2017.			
15. ACCRUED MARK UP			
Accrued mark up on:	Note		
Long term financing		463,114	402,174
Liabilities against assets subject to finance lease		15,009	12,987
Short term borrowings		<u>1,097,393</u>	<u>914,637</u>
		<u>1,575,516</u>	<u>1,329,798</u>
16. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term financing	16.01	1,621,110	1,422,034
Liabilities against assets subject to finance lease		<u>33,442</u>	<u>34,651</u>
		<u>1,654,552</u>	<u>1,456,685</u>
16.01 Current portion of long term financing includes principal installments amounting to Rs. 1,250 million (2016: 982.21) million which became due for reasons as disclosed in note No. 9.			
17. PROVISION FOR TAXATION	Note		
Opening balance		37,862	163,736
Add: Taxation - current	37	<u>63,599</u>	<u>37,862</u>
		101,461	201,598
Less: Tax payments/adjustments during the year		<u>36,310</u>	<u>163,736</u>
		<u>65,151</u>	<u>37,862</u>

# Notes to the Financial Statements

For the year ended June 30, 2017

## 18. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 18.01 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 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 for recovery of balance amount which is pending with the Court of Senior Civil Judge, Lahore.
- 18.02 The Collectors of Customs, Sales Tax and Central Excise, in preceding years raised a demand of Rs. 2.25 million 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 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.
- 18.03 The Company imported textile machinery 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 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.
- 18.04 The Company has filed an appeal before the Appellate Tribunal, Customs, Central Excise & Sales Tax, Lahore under Section 46 of the Sales Tax Act, 1990 against rejection of its refund claim amounting to Rs. 3.21 million on account of sales tax paid on processed fabrics, by the Collector of Customs, Central Excise & Sales Tax (Appeals) Lahore.
- 18.05 Bank guarantees amounting to Rs. 325.44 (2016: Rs. 232.429 million).

### Commitments

Under letters of credit for the import of raw material

2017	2016
Rs. in million	Rs. in million

18.50

18.14

# Notes to the Financial Statements

For the year ended June 30, 2017

## 19 PROPERTY, PLANT AND EQUIPMENT

	Note	2017 Rupees ('000)	2016 Rupees ('000)
Operating assets	19.01	18,544,860	19,157,470
Capital work in progress	19.04	359,238	453,483
		<u>18,904,098</u>	<u>19,610,953</u>

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

	Free hold land	Building on free hold land	Plant, machinery & equipment	Factory tools and equipment	Furniture & fixture	Office and hospital equipment	Library books	Vehicles	Leased Plant and machinery	Leased Vehicles	Total
At 30 June 2015											
Cost	2,024,151	3,482,394	17,287,760	454,740	40,459	32,817	44	123,887	778,344	11,354	24,235,949
Accumulated depreciation	-	(830,365)	(3,600,091)	(91,841)	(22,630)	(19,169)	(44)	(72,095)	(488,246)	(7,913)	(5,132,394)
Net book value	2,024,151	2,652,029	13,687,665	362,898	17,829	13,648	-	51,792	290,098	3,440	19,103,555
Year ended 30 June 2016											
Additions/Transfer	-	739	107,185	100	935	1,379	-	1,764	9,583	-	121,685
Transfers from capital work in progress	-	99,997	700,003	-	-	-	-	-	-	-	800,000
Disposals/ (note 19.02)	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	(3,535)	-	-	(3,535)
Depreciation	-	-	-	-	-	-	-	2,990	-	-	2,990
Net book value	-	-	-	-	-	-	-	(545)	-	-	(545)
Depreciation charge for the year (19.01)	-	(135,141)	(691,431)	(18,148)	(918)	(1,438)	-	(5,210)	(14,595)	(344)	(867,225)
Net book value as at 30 June 2016	2,024,151	2,617,624	13,803,422	344,850	17,846	13,589	-	47,801	285,086	3,096	19,157,470
Year ended 30 June 2017											
Additions	-	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 19.02)	-	-	-	-	-	-	-	-	-	-	-
Cost	(476,516)	-	-	-	-	-	-	(743)	-	-	(477,259)
Depreciation	-	-	-	-	-	-	-	622	-	-	622
Net book value	(476,516)	-	-	-	-	-	-	(121)	-	-	(476,637)
Depreciation charge for the year (note 19.01)	-	(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	13,812,268	327,667	18,369	13,472	-	47,970	282,931	2,786	18,544,860

# Notes to the Financial Statements

For the year ended June 30, 2017

	Free hold land	Building on free hold land	Plant, machinery & equipment	Factory tools and equipment	Furniture & fixture	Office and hospital equipment	Library books	Vehicles	Leased Plant and machinery	Leased Vehicles	Total
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	25,154,099
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 in Rupees ('000)	2,024,151	2,617,624	13,803,426	344,850	17,846	13,589	-	47,801	285,086	3,096	19,157,470
Annual rates (%) of depreciation 2016	-	5	5	5	5	10	15	10	5	10	

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 ('000)	1,547,635	2,491,757	13,812,272	327,667	18,369	13,472	-	47,970	282,931	2,787	18,544,860
Annual rates (%) of depreciation 2017	-	5	5	5	5	10	15	10	5	10	

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

	2017	2016
Cost of Sale	Rupees ('000')	Rupees ('000')
Administrative Expenses	849,619	852,094
	14,663	15,131
	<u>864,282</u>	<u>867,225</u>

19.02 DISPOSAL OF PROPERTY, PLANT & EQUIPMENT

The following operating fixed assets with a net book value exceeding Rs. 50,000 were disposed off during the year:

PARTICULARS	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	SALE PROCEEDS	PROFIT	MODE OF DISPOSAL	BUYER'S NAME
Suzuki Baleno ML-3321	743	622	121	350	229	Negotiation	Mr. Salidar Ramay
Rupees ('000) 2017	743	622	121	350	229		
Rupees ('000) 2016	3,535	2,990	545	1,804	1,259		

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

	30 June 2017	30 June 2016
Capital work in progress	Rupees ('000')	Rupees ('000')
Plant and machinery	106,028	350,046
Civil work	253,210	103,437
Total	<u>359,238</u>	<u>453,483</u>

Movement in capital work in progress

Opening	453,483	687,404
Addition during the year	2,592	566,079
	<u>456,075</u>	<u>1,253,483</u>
Transferred to Operating Assets	(96,837)	(800,000)
Closing	<u>359,238</u>	<u>453,483</u>

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

19.06 The company's obligation under finance lease are secured by lessor's title to the leased assets, which have a carrying amount of Rs. 285.72 million (2016: Rs. 288.18 million).

19.07 Addition in plant and machinery includes capitalization of borrowing cost of Rs. 39 million (2016: Rs. 26.43 million).

# Notes to the Financial Statements

For the year ended June 30, 2017

		2017 Rupees ('000')	2016 Rupees ('000')
20. INVESTMENT PROPERTY	Note		
Opening balance		-	431,615
Additions during the year		489,160	-
Disposal during the year		-	(431,615)
		<u>489,160</u>	<u>-</u>

This property has been reclassified from owner occupied property to investment property as a result of change in use. The fair value has been arrived on the basis of a valuation carried out by MATCO Consultant (Private) Limited, an independent valuer not connected with the company and on the approved panel of Pakistan Banks' Association as at 30 June 2017. The valuation was arrived at by reference to market evidence of transaction price for similar land.

## 21. LONG TERM INVESTMENTS

At fair value through profit and loss

designated on initial recognition

Investment in Imperial Sugar Mills Limited

(related party)

21.01	467,640	-
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Investment in Imperial Sugar Mills Limited at equity method

21.02	-	174,477
-------	---	---------

Investment - available for sale

21.03	1,433	948
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<u>469,073</u>	<u>175,425</u>
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### 21.01 Investment in Imperial Sugar Limited (IMSL)

Due to lack of significant influence over Imperial Sugar Limited, the company has discontinued the use of equity method for its investment in Imperial Sugar Limited and has reclassified the investment at fair value through profit and loss. Subsequent changes in fair value will be charged to profit and loss account.

### 21.02 Investment in Imperial Sugar Limited (IMSL)

- related party

At equity method - Quoted

Being significant influence over IMSL

Fully paid ordinary shares

-	174,477
---	---------

<u>-</u>	<u>174,477</u>
----------	----------------

Fully paid ordinary shares

Cost

-	100,459
---	---------

Share of post acquisition profits

-	74,018
---	--------

Carrying amount of investment

<u>-</u>	<u>174,477</u>
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Market value per share

Rupees	4.99
--------	------

No. of shares held

Number	15,862,960
--------	------------

Ownership interest

percentage	16.02%
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# Notes to the Financial Statements

For the year ended June 30, 2017

## 21.03 Investment - available for sales

	2017 <i>No. of Shares / Bonds</i>	2016	2017 Rupees ('000')	2016 Rupees ('000')
Quoted - at fair value				
Colony Woolen Mills Limited	70,506	70,506	282	282
Azgard Nine Limited	67,457	67,457	751	266
Colony Thal Textile Mills Limited	6	6	-	-
	137,969	137,969	1,033	548
Unquoted - at cost				
Government Compensation Bonds	400	400	400	400
	138,369	138,369	1,433	948

Government Compensation Bonds for Rs. 0.4 million (2016: 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	2017 Rupees ('000')	2016 Rupees ('000')
22. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		131,757	119,429
Spares		127,941	95,444
Loose tools		565	509
		260,263	215,382
Less: Provision for slow moving items	22.01	1,130	1,664
		259,133	213,718
22.01 Provision for slow moving items			
Opening balance		1,664	6,512
Provision made during the year		1,130	1,664
		2,794	8,176
Less: Provision written off during the year		1,664	6,512
Closing balance		1,130	1,664

# Notes to the Financial Statements

For the year ended June 30, 2017

	Note	2017 Rs. in million	2016 Rs. in million
23. STOCK IN TRADE			
Textile			
Raw material		533,989	442,997
Work in process		419,242	436,792
Finished goods		3,705,731	3,808,156
		<u>4,658,962</u>	<u>4,687,945</u>
Real Estate Business			
Land held for development and resale	23.01	496,747	496,747
		<u>5,155,709</u>	<u>5,184,692</u>
23.01 This includes 65.9 kanals of land mortgaged with bank as mentioned in note 9.02			
24. TRADE DEBTS - considered good			
Local - unsecured:			
Considered good		551,095	462,075
Considered doubtful		1,850	2,512
		<u>552,945</u>	<u>464,587</u>
Less: Provision for doubtful trade debts	24.01	1,850	2,512
		<u>551,095</u>	<u>462,075</u>
24.01 Provision for doubtful debts			
Opening balance		2,512	4,506
Provision made during the year		1,850	2,512
		<u>4,362</u>	<u>7,018</u>
Less: Provision written off during the year		2,512	4,506
Closing balance		<u>1,850</u>	<u>2,512</u>
25. LOANS AND ADVANCES			
Considered good:			
Loans to employees		36,414	23,742
Advances to:			
-Suppliers		45,096	29,350
-Letters of credit fee, margin and expenses		99,651	60,294
-Contractors		-	526
		<u>181,161</u>	<u>113,912</u>
26. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
	Note		
Trade deposits		88,656	83,856
Other receivables		27,539	18,225
		<u>116,195</u>	<u>102,081</u>
27. OTHER FINANCIAL ASSETS			
Other financial assets	27.01	41	38
27.01 These include shares of listed companies classified as held for trading through profit and loss account.			

# Notes to the Financial Statements

For the year ended June 30, 2017

2017	2016		Note	2017	2016
No. of Shares / Bonds				Rupees ('000')	Rupees ('000')
		<i>Quoted - at fair value</i>			
89	89	Oil and Gas Development Company Limited		13	12
250	250	Maple Leaf Cement Factory Limited		28	26
<u>339</u>	<u>339</u>			<u>41</u>	<u>38</u>
<b>28. TAX REFUNDS DUE FROM THE GOVERNMENT</b>					
Sales tax				348,720	307,058
Income tax refundable/adjustable				479,821	443,642
				<u>828,541</u>	<u>750,700</u>
<b>29. CASH AND BANK BALANCES</b>					
Cash in hand				473	916
Cash at banks:					
-in current accounts				29,507	49,546
-in deposit accounts			29.01	10,303	6,423
				<u>40,283</u>	<u>56,885</u>
29.01 These carry profit/mark-up ranging from 3.25% to 5.5% (2016: 5.25% to 7.15%) per annum.					
<b>30. SALES</b>					
Local					
Yarn and Fabric				11,999,805	9,519,235
Raw material sales				647	59
Waste				167,144	120,250
				12,167,596	9,639,544
Export					
Yarn				179,758	266,495
Fabric				1,249,529	1,858,739
				1,429,287	2,125,234
				13,596,883	11,764,778
Commission				(51,043)	(44,928)
				<u>13,545,840</u>	<u>11,719,850</u>
30.01 Sales are shown net of sales tax amounting to Rs. nil (2016: 285 million).					
<b>31. COST OF SALES</b>					
Raw material consumed	31.01			7,990,350	7,094,906
Stores consumed				487,881	482,908
Staff salaries, wages and benefits	31.02			1,266,938	1,273,641
Power and fuel				1,718,988	1,781,005
Repair and maintenance				32,061	12,635
Insurance				62,002	60,263
Rent, rates and taxes				2,860	2,477
Other manufacturing expenses				452	1,154
Depreciation	19.01			849,619	852,094
External processing charges				12,116	28,034
				<u>12,423,267</u>	<u>11,589,117</u>
<i>Amount carried forward</i>					



# Notes to the Financial Statements

For the year ended June 30, 2017

	Note	2017 Rupees ('000')	2016 Rupees ('000')
Amount brought forward		12,423,267	11,589,117
Work in process:			
Opening		436,792	414,652
Closing		(419,242)	(436,792)
		17,550	(22,140)
Cost of goods manufactured		12,440,817	11,566,977
Finished goods:			
Opening stock		3,808,179	3,713,376
Closing stock		(3,705,731)	(3,808,156)
		102,448	(94,780)
		12,543,265	11,472,197
31.01 Raw material consumed			
Opening stock		442,997	613,612
Purchases including purchase expenses		8,081,342	6,924,291
		8,524,339	7,537,903
Closing stock		(533,989)	(442,997)
		7,990,350	7,094,906
31.02 Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 50,489 (2016: Rs. 93,350) thousand.			
32. DISTRIBUTION COST			
Staff salaries and benefits		7,830	6,743
Rent, rate and taxes		47	829
Freight		78,780	64,412
Telecommunication		3,151	3,470
Export forwarding charges		87,769	86,280
Bank charges		934	914
Others		747	-
		179,258	162,648
33. ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	33.01	110,083	107,281
Printing and stationery		644	1,279
Travelling and conveyance		16,936	16,806
Communication		3,424	4,304
Rent, rates and taxes		5,072	3,537
Repair and maintenance		14,992	13,771
Insurance		5,216	5,290
Advertisement		87	23
Fee and subscription		3,793	2,666
Provision for doubtful debts		1,850	2,512
Provision for slow moving stores, spares and loose tools		1,130	1,664
Entertainment		6,826	7,732
Auditors' remuneration	33.02	3,256	2,835
Donation	33.03	37,845	3,640
Legal and professional charges		4,327	4,506
Directors' meeting fee		132	125
Depreciation	19.01	14,663	15,131
Others		3,200	1,656
		233,476	194,758

# Notes to the Financial Statements

For the year ended June 30, 2017

33.01 Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 22,015 (2016: Rs. 23,337) thousand.

33.02 Auditors' remuneration

	Note	2017 Rupees ('000')	2016 Rupees ('000')
Statutory audit fee		2,900	2,500
Half yearly review fee		256	235
CCG review fee		50	50
Out of pocket expenses		50	50
		<u>3,256</u>	<u>2,835</u>

33.03 No director or his / her spouse had any interest in the donees' fund.

34. FINANCE COST

	Note	2017 Rupees ('000')	2016 Rupees ('000')
Bank charges and commission		12,193	31,851
Mark-up on inland bill discounting		7,627	7,253
Mark-up on;			
- Long term finance		363,746	426,774
- Short term borrowings		346,703	362,719
- Liabilities against assets subject to finance lease		5,250	6,544
		<u>715,699</u>	<u>796,037</u>
		<u>735,519</u>	<u>835,141</u>

35. OTHER OPERATING CHARGES

Loss on sale of investment property	-	119,997
Share of loss from investment in IMSL	-	71,964
Exchanged loss - realised	651	1,381
	<u>651</u>	<u>193,342</u>

36. OTHER INCOME

Income from financial assets			
Profit on deposits with banks		692	718
Gain on remeasurement of investments in IMSL		293,163	-
Amortization of deferred mark-up		154,478	239,290
Gain on remeasurement of investments		2	5
Income from other than financial assets			
Gain on sale of property, plant and equipment	19.02	229	1,259
Miscellaneous income		13,115	1,382
		<u>461,679</u>	<u>242,654</u>

37. TAXATION

Taxation:		
-Current year	65,151	37,862
-Prior years	(1,552)	(101,630)
	<u>63,599</u>	<u>(63,768)</u>
Deferred	154,621	57,997
	<u>218,220</u>	<u>(5,771)</u>

# Notes to the Financial Statements

For the year ended June 30, 2017

- Income tax return has been filed to the income tax authorities up to and including tax year 2016 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.

	Note	2017	2016
<b>38. EARNINGS PER SHARE</b>			
Basic Earnings per share:			
Profit /(loss) after taxation	Rupees ('000')	97,130	(889,811)
Weighted average number of ordinary shares	Number ('000')	498,010	498,010
Earning/loss per share - basic and diluted	Rupees	0.20	(1.79)

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.

## 39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVE DIRECTOR		NON-EXECUTIVES DIRECTORS		EXECUTIVES	
	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')
Managerial remuneration	9,075	8,066	1,800	1,800	-	-	39,529	37,253
Retirement benefits	818	727	-	-	-	-	3,200	3,398
Medical	907	807	-	-	-	-	3,953	3,725
Meeting fee	815	807	-	-	132	125	-	-
	<u>11,615</u>	<u>10,407</u>	<u>1,800</u>	<u>1,800</u>	<u>132</u>	<u>125</u>	<u>46,682</u>	<u>44,376</u>
Number of Executives	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>87</u>	<u>88</u>

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

39.02 No. remuneration was paid to Non Executive Director except the fee paid for attending the meeting and disclosed at note No. 33. The Non Executive Directors include one independent director.

## 40. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings, directors, key management personnel and post employment benefits plan. Remuneration of Chief Executive Officer is disclosed in note 39. Other significant transactions with related parties are as follows:

# Notes to the Financial Statements

For the year ended June 30, 2017

	Note	2017 Rupees ('000')	2016 Rupees ('000')
Related parties		15,919	14,803
Contribution to provident fund trust			
41. PLANT CAPACITY AND ACTUAL PRODUCTION			
Spinning division:			
Ring end spinning:			
Actual production during the year	Kgs	18,140,548	19,993,630
Actual production converted to 20s count	Kgs	83,287,425	61,694,389
Open end spinning:			
Actual production during the year	Kgs	9,111,455	11,206,800
Actual production converted to 20s count	Kgs	3,372,649	2,698,119
Weaving Division:			
Actual production during the year	Meters	40,759,117	40,498,416
Actual production converted to 60 picks	Meters	28,487,945	25,898,132

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, spindles and twist, and fabric pattern. It also varies according to the pattern of production adopted in a particular year.

	Note	2017 Rupees ('000')	2016 Rupees ('000')
42. PROVIDENT FUND			
The following information is based on the latest un-audited financial statement of the trust:			
Size of the fund - Total assets		129,338	118,314
Cost of investments made	42.01	67,151	67,081
Percentage of investments made		51.92%	56.70%
Fair value of investments		67,151	67,081

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

	2017		2016	
	Rs. ('000')	Percentage	Rs. ('000')	Percentage
Loan to members	13,746	20.47%	19,008	28.34%
Bank balances	10,289	15.32%	9,477	14.13%
Government securities	43,116	64.21%	38,596	57.54%
	67,151	100%	67,081	100%

# Notes to the Financial Statements

For the year ended June 30, 2017

These investments out of provident fund trust have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2017	2016
43. NUMBER OF EMPLOYEES		
The total and average number of employees during the year and as at 30 June 2017/30 June 2016 are as follows:		
Number of employees as at year end	7,049	7,188
Average number of employees during the year	7,119	7,282

## 44. FINANCIAL INSTRUMENTS

44.01 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 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.

### 44.02 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	2017 Rupees ('000')	2016 Rupees ('000')
Long term deposits	49,912	49,650
Trade debts	551,095	462,075
Loans and advances	36,414	23,742
Trade deposits and short term prepayments	116,195	102,081
Bank balances	39,810	55,969
Held for trading Investments		
Quoted - at fair value	41	38
Available for sale Investments		
Quoted - at fair value	1,033	548
Unquoted - at cost	400	400
	<u>794,900</u>	<u>694,503</u>

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

Counter parties

The Company conducts transactions with the following major counterparties.

# Notes to the Financial Statements

For the year ended June 30, 2017

- 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

	2017 Rupees ('000')	2016 Rupees ('000')
0 to 30 days	470,007	388,654
31 to 180 days	108,866	90,397
181 to 360 days	5,871	4,254
Over one year	2,765	2,512
	<u>587,509</u>	<u>485,817</u>

Trade debts include debtors with a carrying amount of Rs. 2.765 million (2016: Rs. 2.51 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.

## 44.03 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.

# Notes to the Financial Statements

For the year ended June 30, 2017

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 14.02 is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

## 44.03.1 Liquidity risk table

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

	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

	30 June 2016						
	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	-	-	-	-	2,292,417	2,292,417	2,292,417
Long term financing	1,422,034	7,223,207	8,645,241	-	-	-	8,645,241
Director's subordinated loan	-	-	-	-	120,000	120,000	120,000
Liabilities against assets subject to finance lease	34,651	32,371	67,022	-	-	-	67,022
Short-term borrowings	4,302,009	-	4,302,009	-	-	-	4,302,009
Trade and other payables	-	-	-	1,858,036	-	1,858,036	1,858,036
Accrued mark up	1,329,798	-	1,329,798	-	-	-	1,329,798
	7,088,492	7,255,578	14,344,070	1,858,036	2,412,417	4,270,453	18,614,523

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

# Notes to the Financial Statements

For the year ended June 30, 2017

## 44.04 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.

### 44.04.1 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.

#### 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:

	2017		2016	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Trade debts	-	-	-	-

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

	2017	2016
	Rupees	Rupees
Average rate	104.87	104.49
Balance sheet date rate	104.71	104.70

#### Sensitivity analysis - foreign currency

At 30 June 2017, 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 (2016: 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 2017 than 2016 because of average increase in foreign currency exchange rate during the year.

### 44.04.2 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.



# Notes to the Financial Statements

For the year ended June 30, 2017

	Note	2017 Rupees ('000')	2016 Rupees ('000')
Fixed rate instruments			
There are no fixed rate instruments.			
Variable rate instruments			
Financial assets			
Cash in deposit accounts		10,303	6,423
Financial liabilities			
Long term finance		8,965,435	8,645,241
Short term finance		4,014,668	4,302,009
Liabilities against assets subject to finance lease		70,403	67,022
		<u>13,050,506</u>	<u>13,014,272</u>

## 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 2017 would have decreased/increased by Rs. 130.50 (2016: Rs. 130.08) million. This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

### 44.04.3 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.

### 44.04.4 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.

	2017 Rupees ('000')	2016 Rupees ('000')
Financial assets as per balance sheet		
Loan and receivable		
Long-term deposits	49,912	49,650
Trade debts	551,095	462,075
Loans and advances	36,414	23,742
Trade deposits and short term prepayments	116,195	102,081
Bank balances	39,810	55,969
Held for trading Investments		
Quoted - at fair value	41	38
Available for sale Investments		
Quoted - at fair value	1,033	548
Unquoted - at cost	400	400
	<u>794,900</u>	<u>694,503</u>

# Notes to the Financial Statements

For the year ended June 30, 2017

	2017 Rupees ('000')	2016 Rupees ('000')
Financial liabilities as per balance sheet		
Financial liabilities measured at amortized cost	2,505,567	2,292,417
Long term finance	8,965,435	8,645,241
Director' subordinated loan	120,000	120,000
Liabilities against assets subject to finance lease	70,403	67,022
Short-term borrowings	4,014,668	4,302,009
Trade and other payables	1,421,447	1,858,036
Accrued mark up	1,575,516	1,329,798
	<u>18,673,036</u>	<u>18,614,523</u>

## 44.05 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.

### 44.05.1 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).

The Company has financial assets at fair value of Rs. 0.041 million (2016: 0.038 million) which is valued under level 1 valuation method. The Company does not have any investment in level 2 and 3 category.

## 45. 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).

# Notes to the Financial Statements

For the year ended June 30, 2017

- 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 2017 and 30 June 2016 were as follows:

	2017 Rupees ('000')	2016 Rupees ('000')
Total debt	13,170,506	13,134,272
Less: Cash and cash equivalents	39,810	55,969
Net debt	13,130,696	13,078,303
Total equity	7,873,368	7,776,690
Total capital employed	21,004,064	20,854,993
Gearing ratio (%)	62.52%	62.71%

## 46. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

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

2017 Rupees ('000')	2016 Rupees ('000')
------------------------	------------------------

## 47. CASH GENERATED FROM OPERATIONS

### CASH FLOWS FROM OPERATING ACTIVITIES

Profit/(loss) before taxation	315,350	(895,582)
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#### Adjustments for:

Provision for staff retirement benefits	72,504	101,884
Depreciation	864,282	867,225
Finance cost	735,519	835,141
Share of loss from investment in IMSL	-	71,964
Gain on remeasurement of short term investments	(2)	(5)
Gain on remeasurement of IMSL	(293,163)	-
Provision for slow moving stores, spares and loose tools	1,130	1,664
Provision for doubtful trade debts	1,850	2,512
Amortization of deferred mark up	(154,478)	(239,290)
Loss on investment property	-	119,997
Gain on disposal of property, plant and equipment	(229)	(1,259)

1,227,413	1,759,833
1,542,763	864,251

Operating cash flows before working capital changes

Changes in working capital:

(Increase)/Decrease in current assets:

Stores, spares and loose tools	(46,545)	38,592
Stock-in-trade	28,983	53,695
Trade debts	(90,870)	51,091
Loans and advances	(67,249)	77,016
Trade deposits and short term prepayments	(14,114)	(9,821)

Increase/(Decrease) in current liabilities:

Trade and other payables	(471,007)	28,178
--------------------------	-----------	--------

(660,802)	238,751
881,961	1,103,002

Cash generated from operations

# Notes to the Financial Statements

For the year ended June 30, 2017

## 48. SEGMENT INFORMATION

	Spinning		Weaving		Total Company	
	Jun-17	Jun-16	Jun-17	Jun-16	Jun-17	Jun-16
	Rupees ('000')					
Sales:						
Total	10,745,133	8,620,518	2,961,739	3,013,078	13,706,872	11,806,104
Intersegment	(161,032)	(86,254)	-	-	(161,032)	(86,254)
	10,584,101	8,706,772	2,961,739	3,013,078	13,545,840	11,719,850
Cost of Sales	9,946,959	8,518,318	2,596,306	2,953,879	12,543,265	11,472,197
Gross profit/(loss)	637,142	188,454	365,433	59,199	1,002,575	247,653
Distribution Cost	107,555	97,589	71,703	65,059	179,258	162,648
Administration Cost	174,686	156,855	58,790	37,903	233,476	194,758
	282,241	254,444	130,493	102,962	412,734	357,406
	354,901	(65,990)	234,940	(43,763)	589,841	(109,753)
Finance cost	441,312	501,085	294,207	334,056	735,519	835,141
Loss before unallocated income and expenses	(86,411)	(567,075)	(59,267)	(377,819)	(145,678)	(944,894)
Unallocated income and expenses						
Other operating charges					651	193,342
Other Income					461,679	242,654
Profit/(loss) before tax					315,350	(895,582)
Taxation					218,220	(5,771)
Profit/(loss) after tax for the year					97,130	(889,811)
Other Comprehensive income:						
Remeasurement of defined benefit obligation					(936)	(874)
Net fair value gain/(loss) on available for sale investment					484	(62)
Total comprehensive loss for the year					96,678	(890,747)

### Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total Company	
	Jun-17	Jun-16	Jun-17	Jun-16	Jun-17	Jun-16
	Rupees ('000')					
Total assets for reportable segments	10,643,951	11,260,806	8,260,147	8,350,147	18,904,098	19,610,953
Unallocated assets:						
Investment property					489,160	-
Long term investments					469,073	175,425
Cash and bank balances					40,283	56,885
Other corporate assets					7,141,787	6,876,866
Total assets as per balance sheet					27,044,401	26,720,129
Unallocated liabilities:						
Directors' Subordinated Loan					120,000	120,000
Provision for taxation					65,151	37,862
Other corporate liabilities					26,859,250	26,562,267
Total liabilities as per balance sheet					27,044,401	26,720,129

# Notes to the Financial Statements

For the year ended June 30, 2017

## 48.01 Geographical information

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

	Spinning		Weaving		Total Company	
	Jun-17	Jun-16	Jun-17	Jun-16	Jun-17	Jun-16
	----- Rupees ('000') -----					
Europe	-	-	1,184,696	1,205,231	1,184,696	1,205,231
Asia	10,584,101	8,706,772	1,777,043	1,807,847	12,361,144	10,514,619
	<u>10,584,101</u>	<u>8,706,772</u>	<u>2,961,739</u>	<u>3,013,078</u>	<u>13,545,840</u>	<u>11,719,850</u>

## 49. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved and authorized for issue on 07 October, 2017 by the Board of Directors of the Company.

## 50. 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, 2017

No. of Shareholders	Shareholding		Number of Share Held	Percentage
	From	To		
260	1	100	8,431	0.00
466	101	500	154,058	0.03
484	501	1000	396,319	0.08
1037	1001	5000	2,932,896	0.59
380	5001	10000	2,946,590	0.59
122	10001	15000	1,548,535	0.31
98	15001	20000	1,775,118	0.36
64	20001	25000	1,524,880	0.31
27	25001	30000	739,180	0.15
45	30001	35000	1,490,401	0.30
26	35001	40000	996,067	0.20
11	40001	45000	468,701	0.09
29	45001	50000	1,431,992	0.29
2	50001	55000	101,500	0.02
10	55001	60000	579,609	0.12
8	60001	65000	507,502	0.10
7	65001	70000	484,929	0.10
4	70001	75000	293,234	0.06
8	75001	80000	630,981	0.13
4	80001	85000	337,000	0.07
6	85001	90000	525,712	0.11
3	90001	95000	274,817	0.06
22	95001	100000	2,192,915	0.44
4	100001	105000	415,914	0.08
5	105001	110000	537,574	0.11
2	110001	115000	224,120	0.05
3	115001	120000	355,467	0.07
2	120001	125000	250,000	0.05
2	125001	130000	252,684	0.05
1	130001	135000	134,769	0.03
2	135001	140000	272,920	0.05
2	145001	150000	300,000	0.06
2	150001	155000	307,000	0.06
3	155001	160000	475,640	0.10
1	160001	165000	160,916	0.03
3	165001	170000	504,784	0.10
1	170001	175000	171,000	0.03
1	175001	180000	175,500	0.04
2	180001	185000	365,485	0.07
2	185001	190000	375,500	0.08
1	190001	195000	193,427	0.04
4	195001	200000	800,000	0.16
3	200001	205000	612,736	0.12
1	205001	210000	208,500	0.04
2	220001	225000	446,648	0.09
1	225001	230000	230,000	0.05
2	245001	250000	500,000	0.10
2	255001	260000	513,178	0.10
1	260001	265000	265,000	0.05
1	265001	270000	265,670	0.05
1	275001	280000	277,455	0.06

## Pattern of Shareholding

As on June 30, 2017

No. of Shareholders	Shareholding From	To	Number of Share Held	Percentage
1	280001	285000	283,500	0.06
3	295001	300000	900,000	0.18
1	305001	310000	309,000	0.06
1	325001	330000	330,000	0.07
2	365001	370000	733,364	0.15
1	380001	385000	381,500	0.08
1	385001	390000	390,000	0.08
2	395001	400000	798,000	0.16
1	400001	405000	400,945	0.08
1	415001	420000	415,008	0.08
1	470001	475000	471,316	0.09
1	475001	480000	475,500	0.10
1	495001	500000	500,000	0.10
1	500001	505000	500,500	0.10
2	510001	515000	1,026,626	0.21
1	515001	520000	516,717	0.10
1	525001	530000	525,500	0.11
1	620001	625000	622,764	0.13
1	625001	630000	626,558	0.13
1	635001	640000	637,500	0.13
1	640001	645000	645,000	0.13
1	705001	710000	705,758	0.14
1	725001	730000	728,272	0.15
1	750001	755000	754,500	0.15
1	935001	940000	938,751	0.19
1	1050001	1055000	1,053,500	0.21
1	1065001	1070000	1,069,498	0.21
1	1090001	1095000	1,094,387	0.22
1	1755001	1760000	1,760,000	0.35
1	1795001	1800000	1,798,515	0.36
1	1975001	1980000	1,979,000	0.40
1	2365001	2370000	2,368,863	0.48
1	2600001	2605000	2,603,493	0.52
1	6090001	6095000	6,094,000	1.22
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	10450001	10455000	10,452,326	2.10
1	10525001	10530000	10,527,528	2.11
1	12015001	12020000	12,017,906	2.41
1	12250001	12255000	12,251,186	2.46
1	12470001	12475000	12,471,730	2.50
1	12640001	12645000	12,644,702	2.54
1	24375001	24380000	24,376,000	4.89
1	37095001	37100000	37,097,991	7.45
1	55710001	55715000	55,713,402	11.19
1	81800001	81805000	81,803,991	16.43
1	131445001	131450000	131,447,506	26.39
3234			498,009,959	100.00

## Categorical Pattern of Shareholding

As on June 30, 2017

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Individuals	3,174	407,773,824	81.88
NIT and IDBP (ICP UNIT)	1	89,212	0.02
Financial Institutions	11	1,276,564	0.26
Insurance Companies	7	294,704	0.06
Modarabas & Mutual Funds	2	1,469,498	0.30
Joint Stock Companies	37	86,992,173	17.47
Others	2	113,984	0.02
Total	<u>3,234</u>	<u>498,009,959</u>	<u>100.00</u>



## Pattern of Shareholding Under Code of Corporate Governance

As on June 30, 2017

	Total Shares Held	Percentage
Directors/Chief Executive Officer and their spouse(s) 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
TOTAL: -		
Executives	-	0.00
Associated Companies, Undertakings and related parties	-	0.00
Public Sectors Companies & Corporations	-	0.00
NIT and IDBP (ICP UNIT)	89,212	0.02
Banks, Development Financial Institutions & Non-Banking Financial Institutions	1,276,564	0.26
Insurance Companies	294,704	0.06
Modarabas & Mutual Funds	1,469,498	0.30
*Shareholding 5% or more	336,373,520	67.54
Joint Stock Companies	86,992,173	17.47
Others	113,984	0.02
General Public	192,069,681	38.57
TOTAL: -	<u>498,009,959</u>	<u>100.00</u>
<u>*Shareholders 5% or above</u>		
Fareed Mughis Sheikh	206,944,010	41.55
Ismail Fareed Sheikh	47,625,519	9.56
Landsends Securities (Pvt) Limited	81,803,991	16.43

- کمپنی کے کاروباری معاملات جاری رہنے میں کوئی شکوک و شبہات نہیں ہیں۔  
 - کمپنی اسٹاک 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 اسٹاک 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 پروویڈنٹ فنڈ چلا رہی ہے جبکہ انتظامی اور غیر انتظامی عملے کے لئے گریجویٹ فنڈ سکیم پر عمل پیرا ہے۔ جنگی مجموعی سرمایہ کاری درج ذیل ہے:

پروویڈنٹ فنڈز      مبلغ 67.15 ملین روپے  
 گریجویٹ فنڈز      مبلغ 57.49 ملین روپے

- 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۔

#### اعتماد و تشکر

ہم ایگزیکٹوز، افسران اور دیگر عملے کے ارکان کی سخت محنت، تعاون اور مخلصانہ کوششوں کو سراہتے ہیں جو انہوں نے ہر ممکن بہترین نتائج حاصل کرنے میں کیے۔  
 بورڈ آف ڈائریکٹرز اپنے تمام بنگلوں 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 تباہی آئندہ آنے والے سالوں میں بھی جاری رہے گی۔

منجانب بورڈ

M. Iqbal ul Haq  
 محمد اکرام الحق  
 ڈائریکٹر

فرید ایم شیخ  
 چیف ایگزیکٹو آفیسر  
 لاہور: 07 اکتوبر 2017

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 بہت بہتری کی جانب گامزن ہیں اور اخلاقی اقدار پر عمل پیرا ہیں۔

ڈائریکٹران اور انکی ذیلی کمیٹیوں کے اجلاس

زیر جائزہ سال میں ڈائریکٹران کے چار اجلاس ہوئے تھے، جس میں سبھی ڈائریکٹران نے شمولیت کی۔ محاسباتی کمیٹی کے سال میں پانچ اجلاس ہوئے، اس کے تمام ممبران نے تمام اجلاس میں شرکت کی، انسانی وسائل اور مراعاتی کمیٹی کے سال میں دو اجلاس ہوئے، اس کے تمام ممبران نے تمام اجلاس میں شرکت کی،

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

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 2017ء ملف ہے۔

بیرونی محاسب

کمیٹی کے بیرونی محاسب طارق عبدالغنی مقبول اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اپنی خدمات جاری رکھنے کی خواہش ظاہر کی ہے جس کی محاسباتی 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 محاسباتی ادارے یا اس سے منسلک کسی فرد نے دو دران سال کمیٹی ہذا کے حصص میں خریداری یا تجارت نہیں کی ہے۔

ویب سائٹ کی دستیابی

کمیٹی کے سالانہ اور وسط مدتی مالی حسابات کمیٹی کی ویب سائٹ [www.colonytextiles.com](http://www.colonytextiles.com) پر موجود ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان

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

کمپنیز ایکٹ 2017 کے تحت مالی حسابات تیار کرنے کے لیے کچھ نئے اصول وضع کیے گئے ہیں جس کے لیے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے 20 جولائی 2017 کو سرکلر نمبری 17 کے ذریعے ایسی کمپنیوں کو چھوٹی دی ہے جن کا مالی سال 30 جون 2017 کو ختم ہو رہا ہے کہ وہ اپنے مالی حسابات کمپنیز آرڈیننس مجریہ 1984 (منسوخ شدہ) اور متعلقہ آئی ایف آرایس کے تحت تیار کر سکتی ہیں۔

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

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

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

کمیٹی 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۔

کمیٹی 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۔

کمیٹی کا اندرونی محاسباتی 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 ترمیم شدہ ہے۔

ایسے افراد جو ڈائریکٹران کے انتخاب میں حصہ لینا چاہتے ہیں بشمول ریٹائر ہونے والے ڈائریکٹران صاحبان اپنے ارادے اور اہلیت کا نوٹس کمپنی کے پاس سالانہ اجلاس عام سے چودہ دن پہلے جمع کروادیں۔

#### 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۔ مستحکم 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 دوبارہ نئے سرے سے بحال کیا جاسکے۔

#### مستقبل کا نقطہ نظر

کم ہوتی ہوئی برآمدات اور غیر یقینی سیاسی صورتحال اور محدود سیکورٹی حالات حکومت کے لئے بڑے خطرات ہیں۔ باوجود حکومتی مثبت اقدامات جن میں ٹیکسٹائل پالیسی، شرح سود میں کمی اور مضبوطی بندی شامل ہیں مگر ان سب کے اثرات ابھی دور دور تک نظر نہیں آ رہے جس کی اصل وجہ ٹیکسٹائل پالیسی ہے جو صرف اعلان کی حد تک ہے مگر اس پر بھی عمل نہیں ہوا۔ مختصر یہ کہ معاشی اشاریے کچھ خوشگوار نہیں ہیں جس کی اصل وجوہات میں درآمدی کمپاس پریکسیس کا نفاذ، روپے کی قدر کو پچانے کے لئے اس میں مصنوعی استحکام، ٹیکسیس کی واپسی ادائیگوں میں رکاوٹ اور بجلی کے بڑھتے ہوئے نرخ شامل ہیں۔ تاہم مستقبل کے نتائج کا انحصار مقامی اور بین الاقوامی منڈیوں کے ردعمل کے ساتھ ساتھ حکومت کی طرف سے ٹیکسٹائل صنعت کے لئے دوستانہ اقدامات پر ہے۔

کاروبار کے لئے درپیش مشکل حالات اور مقابلے میں بڑھتی ہوئی شدت کے باوجود ہم اچھے کاروباری مستقبل کے لئے پر امید ہیں۔ کمپنی صارف کی ضروریات کو مد نظر رکھتے ہوئے جدت کے اقدامات جاری رکھے گی اور اس امر میں کوشاں ہے کہ کاروباری لاگت میں کمی کر کے کمپنی کے منافع میں اضافہ کرے۔ 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۔

#### محاسنی کمیٹی

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

#### انسانی وسائل اور مشاہراتی کمیٹی

انسانی وسائل کی کمیٹی نے کمپنی ملازمین کے تمام طبقات کے لئے معاوضے کے علیحدہ علیحدہ منصوبے بنا رکھے 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 کرنا کمیٹی کی ذمہ داری ہے۔ ہمیں احساس ہے کہ انسانی وسائل کاروباری حکمت عملی کا اہم جزو ہیں۔

#### 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۔

#### تخلیاتی کمیٹی

تخلیاتی کمیٹی چیف ایگزیکٹو آفیسر کو مختلف امور پر مشاورت مہیا کرتی ہے جس میں تخلیاتی 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 تخلیاتی مسائل کو حل کرتی ہے۔

#### 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۔

#### سماجی ذمہ داری اور انسانی وسائل

آپ کی کمپنی کی کامیابی میں ایک اہم عنصر اس کے انتہائی ہنرمند اور پرجوش افرادی قوت ہے جو ہماری طاقت ہیں۔ ہم بجا طور پر اس حقیقت پر فخر کر سکتے



## ڈائریکٹرز رپورٹ برائے حصص داران

کمپنی کے ڈائریکٹرز کی جانب سے، ہم سالانہ تصدیق شدہ مالی حسابات برائے سال ختمہ 30 جون 2017ء بشمول محاسب کی رپورٹ پیش کرتا ہوں۔ بموجب کوڈ آف کارپوریٹ گورننس یہ مالی حسابات چیف ایگزیکٹو آفیسر اور چیف اکاؤنٹس صاحبان سے تصدیق شدہ، محاسبی کمپنی کی تائید سے بورڈ آف ڈائریکٹرز سے منظور شدہ ہیں۔

اس سال کمپنی کا کاروباری حجم مبلغ 13,546 ملین روپے رہا جبکہ پچھلے سال یہ حجم 11,720 ملین روپے تھا۔ کمپنی کا خام منافع 1,003 ملین روپے ہے جو پچھلے سال 248 ملین روپے تھا۔ کمپنی بعد از ادائیگی ٹیکس مبلغ 97 ملین روپے منافع میں رہی جبکہ یہ پچھلے سال خسارہ مبلغ 890 ملین روپے تھا۔ اس طرح آمدن فی حصہ 0.20 روپے ہے جو کہ پچھلے سال 1.79 روپے فی حصہ نقصان تھا۔

عالمی معاشی میں سست روی جاری ہے جبکہ خطے میں مسابقت کے لیے استعداد کار میں اضافہ بھی جاری ہے نتیجتاً منافع کے مارجن پر دباؤ برقرار ہے۔ مجموعی طور پر پاکستان میں ٹیکسٹائل صنعت مشکلات کا شکار ہے جیسا کہ ہمیں خطے میں حریفوں مسابقت کی دوڑ میں مشکلات ہیں جہاں خطے میں موجود ٹیکسٹائل صنعت کو ان کی حکومتوں کی جانب سے مراعات حاصل ہیں جو انہیں کاروباری مقابلے میں بہت مددگار ہیں۔

پاکستان کی برآمدات بشمول ٹیکسٹائل مصنوعات خطرناک کمی ہوئی ہے باوجود اس کے کہ صفر درجہ بندی نظام کی توقعات کے برعکس برآمدات میں مثبت اضافہ نہیں ہوا۔ جبکہ دوسری طرف زیادہ کاروباری لاگت، اضافی ٹیکس کی واپسیوں میں تاخیر اور خطے اور قومی سطح پر بدلتے ہوئے حالات نے صورتحال کو اور بھی پیچیدہ کر دیا ہے۔

ٹیکسٹائل برآمد کنندگان پچھلے کئی سالوں سے چین پر انحصار کر رہے ہیں اور چین میں حالیہ سست روی کی وجہ سے دھماگے اور خام کپڑے کی پاکستان سے برآمدات بری طرح متاثر ہوئی ہیں۔ جسکی وجہ سے ٹیکسٹائل کی کتناہی اور بنائی کے شعبوں کی کارکردگی اچھی نہیں رہی ہے۔ عام توقع یہی کی جا رہی ہے کہ ٹیکسٹائل کے یہ دونوں شعبے بڑھتی ہوئی کاروباری لاگت کی وجہ سے بہتر کارکردگی نہیں دکھائیں گے۔

### کمپنی پاکستانی کا شعبہ

خطے میں صنعتی مقابلہ سازی اور چائنا کی کمزور طلب جیسے عناصر اس شعبہ میں گراوٹ کی وجہ ہیں۔ مقامی اور بین الاقوامی سطح پر دھماگے کی مصنوعات کے لیے خام اشیاء کی جاری بڑھتی ہوئی قیمتوں اور دھماگے کی سست روی سے بڑھتی ہوئی قیمتوں نے اس شعبہ کارکردگی اور منافع کو محدود کیا ہوا ہے۔ نتیجتاً دوران سال بڑھتی ہوئی لاگت اور طلبی عناصر میں مشکلات شعبہ کی کارکردگی میں اضافہ کرنے میں رکاوٹ رہے۔

### کمپنی کینیائی کا شعبہ

خام کپڑے کی عالمی طلب میں کمی جاری رہی اور خریدار بھی اپنے سٹاک میں اضافہ کرنے میں محتاط رہے۔ ہمیں دوسرے ممالک کی طرف سے سخت مقابلے کا سامنا ہے۔ صورتحال کا کپڑے کی قیمتوں پر دباؤ ہے اور ہم کم قیمت میں فروخت پر مجبور ہیں۔ خام مال کی بڑھتی ہوئی قیمتوں کو مد نظر رکھتے ہوئے انتظامیہ کارکردگی کو بہتر کرنے کے لئے اقدامات کر رہی ہے جس میں مقامی اور بین الاقوامی سطح پر نئے کاروباری مواقع بھی تلاش کئے جا رہے ہیں جن سے مستقبل میں مثبت نتائج کی توقع ہے۔

ان سب سے قطع نظر ٹیکسٹائل صنعت کا ملکی معیشت کی ترقی موثر کردار ادا کرنے کے ساتھ ساتھ صنعتی پیداوار، روزگار کے مواقع اور زر مبادلہ میں اضافہ کی موجب ہے۔

ان سب وجوہات کے باوجود ٹیکسٹائل صنعت، قومی معیشت کو چلانے میں اہمیت رکھنے کے ساتھ ساتھ صنعتی پیداوار میں اہم شراکت دار، روزگار کے مواقع پیدا کرنے اور زر مبادلہ کمانے خاص اہمیت رکھتی 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 کو مبلغ پارہ کروڑ روپے کا بلا سود قرض دیا گیا ہے تاکہ کمپنی کی موجودہ مالی حالت میں بہتری آ سکے۔

### ڈائریکٹران کا انتخاب

کمپنی کے موجودہ ڈائریکٹران 31 اکتوبر 2017ء کو اپنی مدت پورے ہونے پر ریٹائر ہو رہے ہیں۔ کمپنی 1 اکتوبر 2017ء کی شق (1) 159 کے تحت آئندہ انتخاب کے لیے ڈائریکٹران کی تعداد سات مقرر کی ہے جو کہ آئندہ اجلاس عام میں منتخب کئے جائیں گے۔

## اطلاع سالانہ اجلاس عام

بذریعہ ذیل مطلع کیا جاتا ہے کہ کالونی ٹیکسٹائل ملز لمیٹڈ کے ممبران کا (7) ساتواں سالانہ اجلاس عام، 28 اکتوبر 2017ء کو صبح 10:00 بجے، رجسٹرڈ دفتر ایم اے ایم اے سائٹس، بلڈنگ 205، فیروز چور روڈ، لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

1۔ 30 جون 2017ء کو پچھلے سال کیلئے تصفیہ شدہ سالانہ حسابات معائنہ پر ڈائریکٹران اور بیرونی محاسبان کی رپورٹس کی وصولی، غور و خوض اور ان کی قبولیت۔

2۔ 2017-18ء مالک مال سال کیلئے بیرونی محاسبان کا تقرر اور ان کے صلہ خدمت کا تعین۔

3۔ کمپنیز ایکٹ 2017ء کی شق (1) 159 کے تحت مقرر کردہ سات ڈائریکٹران کا اگلی مدت کے لئے انتخاب کرنا۔ کمپنی کے ریٹائر ہونے والے ڈائریکٹران کے نام یہ ہیں:

1۔ جناب مغیث اسے شیخ 2۔ جناب فرید ایم شیخ 3۔ جناب محمد طارق 4۔ جناب محمد عطاء اللہ خان 5۔ جناب محمد اشرف سیف 6۔ جناب عبدالغفور خان قصوریہ 7۔ جناب محمد اکرام الحق 4۔ صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی۔

### حسب الحکم بورڈ

محمد ماہد

### کمپنی سیکرٹری

لاہور

07 اکتوبر 2017

### نوٹ:

1۔ کمپنی کی تصفیہ حصص کی کتابیں 20 اکتوبر 2017ء تا 26 اکتوبر 2017ء (بشمول ہر دو ایام) بند رہیں گی۔

2۔ اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر اپنی بجائے کسی دوسرے ممبر کو شرکت اور ووٹ دینے کیلئے اپنا پراکسی مقرر کر سکتا/کرتی ہے۔ پراکسیاں تا آئندہ مؤثر ہوئیں گی۔ اجلاس کے وقت سے کم از کم 48 گھنٹے قبل باقاعدہ و ممبر شدہ اور رجسٹرڈ شدہ کمپنی کے رجسٹرڈ دفتر میں لازماً وصول ہو جانی چاہئیں۔

3۔ حصص داران سے درخواست ہے کہ اجلاس کے وقت شناخت کے مقاصد کیلئے اپنے فوٹو / اکاؤنٹ تفصیلات (پارٹیشن آئی ڈی اور سب اکاؤنٹ) اور اصل CNIC ہمراہ لائیں۔ کارپوریٹ ایجنسی کی صورت میں بورڈ آف ڈائریکٹران کی قرارداد یا مختار نامہ مع تاحر کے نمونہ دیکھ کر مہیا کرنا چاہئیں۔

4۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کے مطابق کمپنی کے سالانہ مالی حسابات اور نوٹس ممبران کو بذریعہ ای میل ترسیل کرنے کی پیشکش کرتے ہوئے خوشی محسوس کرتی ہے۔ چنانچہ سالانہ مالی حسابات بذریعہ ای میل وصول کرنے کے خواہشمند ممبران مکمل کردہ درخواست فارم اس یقین کے ساتھ ارسال کریں کہ اس قسم کی مکمل وصول کرنے کیلئے ان کے ای میل باکس میں کافی جگہ موجود ہے۔ نمونہ درخواست فارم کمپنی کی ویب سائٹ

www.colonytextiles.com پر دستیاب ہے۔

5۔ کمپنی کے ممبران اجلاس عام میں بذریعہ یوٹیلٹک شرکت کر سکتے ہیں۔ ایسے ممبران جن کے پاس 10 فیصد یا اس سے زائد حصص ہیں تو وہ اپنی درخواست اجلاس عام سے (7) سات دن پہلے کمپنی کو جمع کروادیں جس پر کمپنی ان کو یوٹیلٹک کی سہولت مہیا کرے گی۔

6۔ کمپنیز ایکٹ 2017ء کی شق 244 کے تحت ممبران کو مطلع کیا جاتا ہے کہ وہ کمپنی سے متعلقہ اپنے کسی غیر ادا شدہ منافع مستحقہ حصص اگر کوئی ہے تو اس سلسلے میں کمپنی سے فوراً رابطہ کریں

7۔ کمپنیز ایکٹ 2017ء کی شق 242 کے تحت کسی بھی قسم کا منافع جو نقد ادا کیا جاسکتا ہے تمام مجوزہ حصص داران کے بینک اکاؤنٹس کے ذریعے براہ راست ادا کیا جائے گا۔ لہذا اس سلسلے میں حصص داران کو نصیحت کی جاتی ہے کہ وہ ڈیویڈنڈ مینڈیٹ فارم (نمونہ کمپنی کی ویب سائٹ پر موجود ہے) کی ڈیویڈنڈ کی صورت میں مہیا کریں۔ ایسے ممبران جن کے سی ڈی سی میں اکاؤنٹس ہیں وہ اپنے متعلقہ سی ڈی سی پارٹیشن کے پاس اپنے اکاؤنٹ میں بھیج کر وائیں

8۔ ایسے افراد جو ڈائریکٹران کے انتخاب میں حصہ لینا چاہتے ہیں ان سے التماس ہے کہ وہ اپنے ارادے اور اہلیت کا نوٹس سالانہ اجلاس عام سے چودہ دن پہلے کمپنی کے پاس جمع کروادیں۔

9۔ کمپنی کے نظر ثانی شدہ مالی حسابات کمپنی حصص داران کو بذریعہ سی ڈی بجوائے جارہے ہیں اور کمپنی کی ویب سائٹ www.colonytextiles.com پر بھی دستیاب ہیں۔ البتہ ایسے ممبران جو نظر ثانی شدہ مالی حسابات طبع شدہ حالت میں وصول کرنا چاہتے ہیں ان کی درخواست پر کمپنی ان کو ایک ہفتہ کے اندر بغیر کسی قیمت نظر ثانی شدہ مالی حسابات کی کاپی مہیا کر دے گی۔ سالانہ مالی حسابات طبع شدہ وصول کرنے کیلئے ضروری معلومات اور نمونہ درخواست فارم کی تفصیلات ممبران کی سہولت کیلئے کمپنی کی ویب سائٹ پر موجود ہیں۔

10۔ حصص داران سے دو بارہ درخواست ہے کہ:

ا۔ اپنے کارآمد CNIC کی نقول مہیا کریں اگر پہلے مہیا نہیں کیں تاکہ حصص داران کے ریکارڈ کو مکمل کیا جاسکے۔

ب۔ پتہ میں تبدیلی اگر کوئی ہو تو کمپنی کو فی الفور مطلع کریں۔

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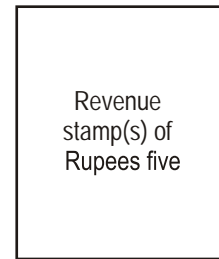
\*Mobile apps are also available for download for android and ios devices

# 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 7<sup>th</sup> Annual General Meeting of the Company to  
be held on Saturday the October 28, 2017 at 10.00 a.m. and any adjournment thereof.

Signed this \_\_\_\_\_ day of October 2017.



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

تفصیلی نیابت داری برائے سالانہ اجلاس عام

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_ کالونی ٹیکسٹائل ملز لمیٹڈ کا / کی اے کے حصص دار ہوں / ہیں اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت \_\_\_\_\_ عمومی حصص کا / کی اے 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 ذمے دار 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 اے کے حصص دار ہے ہیں۔ کو اپنی جگہ بروز ہفتہ بتاریخ 28 اکتوبر 2017 بوقت صبح 10 بجے منعقد ہونے والے ساتواں 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  
چھپا کر رہیں

بتاریخ: \_\_\_\_\_ اکتوبر 2017 کو دستخط کیا گیا

کھیتی کے کارڈ 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 کھیتی کے رجسٹرڈ آفس کے چہ پر اجلاس کے شروع ہونے سے 48 گھنٹے پہلے پہنچایا جانا چاہیئے۔

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

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

## Optional

### Despatch 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](mailto: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:

- o Audited Financial Statements
- o Notices
- o Entitlements
- o 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

## eDividend Mandate

To

The Company Secretary  
Colony Textile Mills Limited  
M.Ismail Aiwan -e-Science Building  
205-Ferozpur Road  
LAHORE.  
Email: [corporate@colonytextiles.com](mailto: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)

