

# Company Information

|  |  |   |
|--|--|---|
| <b>Board of Directors</b>                              | Sh. Faisal Tauheed<br>Sh. Kashif Tauheed<br>Mrs. Samira Faisal<br>Mrs. Tahira Kashif<br>Mrs. Sadia Kamran<br>Mrs. Amna Kamran<br>Mr. Yasir Munir   | (Executive Director)<br>-do-<br>Non Executive Director<br>-do-<br>-do-<br>Non Executive Director/Chairman<br>Independent Director |
| <b>Board Audit Committee</b>                           | Mr. Yasir Munir<br>Mrs. Amna Kamran<br>Mrs. Sadia Kamran   | (Chairman)  |
| <b>Board Human Resource and Remuneration Committee</b> | Mrs. Sadia Kamran<br>Mrs. Amna Kamran<br>Mr. Yasir Munir   | (Chairman)  |
| <b>Management Team</b>                                 | Sh. Faisal Tauheed Puri<br>Muhammad Islam Haider<br>Imran Zafar<br>Qaiser Ali Faheem   | (Chief Executive)<br>(Chief Financial Officer)<br>(Company Secretary)<br>(Internal Auditor)                                       |
| <b>Auditors</b>  | Amin Mudassar and Company<br>Chartered Accountants   |   |
| <b>Bankers</b>   | National Bank of Pakistan<br>The Bank of Punjab<br>Bank Alfalah Limited<br>Habib Metropolitan Bank Limited<br>Askari Bank Limited<br>Bank Al-Habib Limited<br>MCB Limited<br>Meezan Bank Limited |   |
| <b>Registered Office</b>                               | 4th Floor, I.E.P. Building,<br>97-B/D-1, Gulberg III, Lahore.  |   |
| <b>Factory</b>   | Dhuddiwala, Jaranwala Road, Faisalabad.  |   |
| <b>Share Registrar</b>                                 | Orient Software & Management Services (Pvt) Ltd;<br>35-Z, Ameer Plaza, Opposite Mujahid Hospital,<br>Commercial Centre, Madina Town, Faisalabad.   |   |
| <b>Legal Advisor</b>                                   | Sahibzada Muhammad Arif<br>Advocate High Court,<br>Chamber No.52, District Courts,<br>Faisalabad.  |   |

# Directors' Report

The Directors of your Company are pleased to present the Quarterly Accounts for the period ended September 30, 2016.

## Business Overview:

Despite the challenges faced by the Company due to decline in the demand of cloth for processing, your Company has successfully maintained the growth momentum. During the period Company has achieved a growth of sales volume. The profit after tax is Rs.3.308 million in comparison to Rs.1.111 million of previous year.

| Operating Results      | September 2016 | September 2015 |
|------------------------|----------------|----------------|
| RUPEES                 |                |                |
| Sales                  | 168,155,579    | 145,419,050    |
| Profit before taxation | 5,751,820      | 4,265,290      |
| Taxation:              | 2,443,630      | 3,153,897      |
| Profit after taxation  | 3,308,190      | 1,111,393      |

Despite so many challenges, the Company contains to meet its financial commitments and debt obligation on time.

## Appreciation

We would like to thank all of our staff members for the way they have responded to challenges of the year. Their hard work and commitment is greatly appreciated and is reflected in these results.

We are also thankful for the encouragement and support which we received from our suppliers, shareholders, bankers and financial institutions.

LAHORE:  
October 28, 2016

Sh. Faisal Tauheed Puri  
Chief Executive

# Condensed Interim Balance Sheet

**CHIEF EXECUTIVE**

The annexed notes 1 to 15 form an integral part of these financial information.

**DIRECTOR**

# Condensed Interim Profit and Loss Account (un-audited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

|   | Note | QUARTER ENDED JULY<br>TO SEPTEMBER |             |
|---|------|------------------------------------|-------------|
|   |      | 2016                               | 2015        |
|   |      | Rupees                             | Rupees      |
| Sales- net                                  | 10   | 168,155,579                        | 145,419,050 |
| Cost of sales                               |      | 152,238,962                        | 130,776,075 |
| <b>Gross profit</b>                         |      | 15,916,617                         | 14,642,975  |
| Distribution cost                           |      | 255,740                            | 382,270     |
| Administrative expenses                     |      | 9,579,739                          | 9,255,227   |
| Other operating expenses                    |      | 302,727                            | 224,489     |
|   |      | 10,138,206                         | 9,861,986   |
|   |      | 5,778,411                          | 4,780,989   |
| Other income                                | 11   | 1,129,538                          | 1,099,192   |
|   |      | 6,907,949                          | 5,880,181   |
| Finance cost                                |      | 1,156,129                          | 1,614,891   |
| <b>Profit before taxation</b>               |      | 5,751,820                          | 4,265,290   |
| <b>Taxation</b>                             |      |                                    |             |
| Current :                                   |      |                                    |             |
| For the year                                |      | 1,682,764                          | 1,454,191   |
| Deferred                                    | 6.1  | 760,866                            | 1,699,706   |
|   |      | 2,443,630                          | 3,153,897   |
| <b>Profit after taxation</b>                |      | 3,308,190                          | 1,111,393   |
| <b>Earning per share- Basic and Diluted</b> |      | 0.21                               | 0.07        |

The annexed notes 1 to 15 form an integral part of these financial information.

CHIEF EXECUTIVE

DIRECTOR

# Condensed Interim Statement of Comprehensive Income (un-audited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

Profit after taxation

Other comprehensive income-net of taxation

**Total comprehensive income for the year-net of tax**

| QUARTER ENDED JULY<br>TO SEPTEMBER |                  |
|------------------------------------|------------------|
| 2016                               | 2015             |
| Rupees                             | Rupees           |
| 3,308,190                          | 1,111,394        |
| 5,645                              | 128,445          |
| <b>3,313,835</b>                   | <b>1,239,839</b> |

The annexed notes 1 to 15 form an integral part of these financial information.

CHIEF EXECUTIVE

DIRECTOR

# Condensed Interim Cash Flow Statement (un-audited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

|  |      | QUARTER ENDED JULY<br>TO SEPTEMBER |              |
|--|------|------------------------------------|--------------|
|  | Note | 2016                               | 2015         |
|  |      | Rupees                             | Rupees       |
| CASH FLOWS FROM OPERATING ACTIVITIES                   |      |                                    |              |
| Cash generated from operations                         | A    | (5,676,707)                        | 20,844,687   |
| Taxes paid   |      | (3,102,738)                        | (1,849,881)  |
| Finance cost paid                                      |      | (1,109,646)                        | (1,754,227)  |
| Gratuity paid  |      | (569,141)                          | -            |
| Net cash flows from operating activities               |      | (10,458,232)                       | 17,240,579   |
| CASH FLOWS FROM INVESTING ACTIVITIES                   |      |                                    |              |
| Fixed capital expenditure                              |      | (6,216,930)                        | (9,105,100)  |
| Workers provident fund                                 |      | 408,141                            | -            |
| Proceeds from sale of assets                           |      | 500,000                            | -            |
|  |      | (5,308,789)                        | (9,105,100)  |
| CASH FLOWS FROM FINANCING ACTIVITIES                   |      |                                    |              |
| Short term borrowings from directors and associates    |      | -                                  | 7,719,952    |
| Repayment of lease finance liabilities                 |      | (2,774,679)                        | (2,362,726)  |
| Net cash flows from financing activities               |      | (2,774,679)                        | 5,357,226    |
| Net (Decrease) in cash and cash equivalents            |      | (18,541,700)                       | 13,492,705   |
| Cash and Cash Equivalents at the Beginning of the Year |      | (13,116,434)                       | (31,821,874) |
| Cash and Cash Equivalents at the End of the Year       | B    | (31,658,134)                       | (18,329,169) |

The annexed notes 1 to 15 form an integral part of these financial information.

CHIEF EXECUTIVE

DIRECTOR

# Notes to the Condensed Interim Cash Flow Statement (un-audited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

|  | Note | QUARTER ENDED JULY<br>TO SEPTEMBER |              |
|--|------|------------------------------------|--------------|
|  |      | 2016                               | 2015         |
|  |      | Rupees                             | Rupees       |
| <b>A - CASH GENERATED FROM OPERATIONS</b>              |      |                                    |              |
| Profit before taxation                                 |      | 5,751,820                          | 4,265,290    |
| <b>Adjustment of non cash and other items:</b>         |      |                                    |              |
| Provident fund/Gratuity                                |      | 408,141                            | 652,670      |
| Depreciation   |      | 5,707,707                          | 5,368,192    |
| Profit on disposal of fixed assets                     |      | (137,847)                          |              |
| Deferred income recognised                             |      | (869,066)                          | (947,850)    |
| Finance cost   |      | 1,156,122                          | 1,614,891    |
|  |      | 6,265,057                          | 6,687,903    |
| <b>Cash flows before working capital changes</b>       |      | 12,016,876                         | 10,953,193   |
| <b>EFFECT ON CASH FLOWS OF WORKING CAPITAL CHANGES</b> |      |                                    |              |
| <b>(Increase)/Decrease in current assets</b>           |      |                                    |              |
| Stores, spares and loose tools                         |      | 914,393                            | 88,159       |
| Stocks in trade  |      | 16,483,789                         | (265,763)    |
| Trade debts  |      | 6,994,509                          | 10,676,573   |
| Loan and advances                                      |      | 4,466,070                          | 1,522,436    |
| Trade deposit and short term prepayments               |      | (1,327,783)                        | (732,806)    |
| Accrued interest                                       |      | 5,089                              | 3,080        |
| Due from Government                                    |      | (9,544,956)                        | 10,903,483   |
| <b>Increase/(Decrease) in current liabilities</b>      |      |                                    |              |
| Trade and other payables                               |      | (35,684,694)                       | (12,303,668) |
|  |      | (17,693,583)                       | 9,891,494    |
|  |      | (5,676,707)                        | 20,844,687   |
| <b>B - CASH AND CASH EQUIVALENTS</b>                   |      |                                    |              |
| Cash and bank balances                                 |      | 5,312,268                          | 9,387,831    |
| Short term borrowings                                  |      | (36,970,402)                       | (27,716,999) |
|  |      | (31,658,134)                       | (18,329,168) |

The annexed notes 1 to 15 form an integral part of these financial information.

CHIEF EXECUTIVE

DIRECTOR

# Condensed Interim Statement of Changes in Equity (un-audited)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

|   | SHARE<br>CAPITAL        | UN-<br>APPROPRIATED<br>PROFIT | TOTAL       |
|---|-------------------------|-------------------------------|-------------|
|   | ----- R u p e e s ----- |                               |             |
| <b>Balance as at June 30, 2015</b>      | 155,531,740             | 38,561,081                    | 194,092,821 |
| Profit for the year                     | -                       | 34,599,550                    | 34,599,550  |
| Other comprehensive income              | -                       | 22,580                        | 22,580      |
| <b>Total comprehensive profit</b>       | -                       | 34,622,130                    | 34,622,130  |
| <b>Balance as at June 30, 2016</b>      | 155,531,740             | 73,183,211                    | 228,714,951 |
| Profit for the year                     | -                       | 3,313,835                     | 3,313,835   |
| Other comprehensive income              | -                       | -                             | -           |
| <b>Total comprehensive profit</b>       | -                       | 3,313,835                     | 3,313,835   |
| <b>Balance as at September 30, 2016</b> | 155,531,740             | 76,497,046                    | 232,028,786 |

The annexed notes 1 to 15 form an integral part of these financial information.

CHIEF EXECUTIVE

DIRECTOR



# Notes to the Condensed Interim Financial Information (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

## **1 THE COMPANY AND NATURE OF ITS BUSINESS**

The Company is a Public Limited Company, incorporated under the Companies Ordinance 1984. The Company is quoted on Pakistan Stock Exchange. The principal activity of the company is dyeing, bleaching, finishing and embroidery of textile materials. The registered office of the company is situated at 4th Floor, IEP Building, 97-B/D-I, Main Boulevard, Gulberg-III, Lahore.

## **2 BASIS OF PREPARATION**

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all of the information and disclosures required for full annual financial statement, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2016.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the financial statements for the year ended June 30, 2016.

- 3.1** There were certain new standards, amendments to the approved accounting standards and new interpretation issued by the international Financial Reporting Interpretations Committee (IFRIC) which became effective during the period but are considered not to be relevant or have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

There are certain new amendments to the approved accounting standards that are mandatory for accounting periods beginning after July 1, 2013, but are considered not to be relevant or have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

### **3.1.1 Estimates**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2016.

### **3.2 Taxation**

#### **3.2.1 Current**

Company's export sales fall under final tax regime under Section 154 of the Income Tax Ordinance, 2001. Charge for the current taxation other than export is based on taxable income at the current rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances available, if any, or one percent of turnover, whichever is higher.

#### **3.2.2 Deferred**

Deferred tax asset / liability on the deductible / taxable temporary differences has been recognized at prevailing rate being the rate substantively enacted at the balance sheet date and is expected to apply to the periods when the asset is realized or the liability is settled.

|   | September 30, 2016<br>Rupees<br>(Unaudited) | June 30, 2015<br>Rupees<br>(Audited) |
|---|---|--------------------------------------|
| <b>4 AUTHORIZED SHARE CAPITAL</b>   |   |                                      |
| 20,000,000 A - Class Ordinary shares of Rs. 10/- each.                                | 200,000,000                                 | 200,000,000                          |
| 400,000 B - Class Ordinary shares of Rs. 10/- each.                                   | 4,000,000                                   | 4,000,000                            |
|   | <u>204,000,000</u>                          | <u>204,000,000</u>                   |
| <b>5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>                                       |   |                                      |
| <b>Issued for Cash</b>  |   |                                      |
| 15,051,267 A - Class Ordinary Shares of Rs. 10. each                                  | 150,512,670                                 | 150,512,670                          |
| 320,100 B - Class Ordinary Shares of Rs. 10. each                                     | 3,201,000                                   | 3,201,000                            |
|   | <u>153,713,670</u>                          | <u>153,713,670</u>                   |
| <b>Issued as Bonus Shares</b>   |   |                                      |
| 181,807 Ordinary Shares of Rs. 10. each   | 1,818,070                                   | 1,818,070                            |
|   | <u>155,531,740</u>                          | <u>155,531,740</u>                   |
| <b>6 DEFERRED LIABILITIES</b>   |   |                                      |
| Staff gratuity  | 13,311,045                                  | 13,888,367                           |
| Deferred taxation   | 10,826,113                                  | 10,062,711                           |
|   | <u>24,137,158</u>                           | <u>23,951,078</u>                    |
| <b>6.1 Deferred Taxation</b>  |   |                                      |
| <b>This is composed of the following:</b>   |   |                                      |
| <b>Deferred tax liability on taxable temporary differences arising in respect of:</b> |   |                                      |
| Accelerated tax depreciation  | 13,096,118                                  | 12,633,342                           |
| Excess of accounting book value of leased assets over liabilities                     | 2,120,134                                   | 1,734,763                            |
|   | <u>15,216,252</u>                           | <u>14,368,105</u>                    |
| <b>Deferred tax asset on deductible temporary differences arising in respect of:</b>  |   |                                      |
| Deferred debits arising in respect of staff gratuity                                  | (4,259,534)                                 | (4,305,394)                          |
| Deferred debits arising on brought forward losses                                     | -   | -                                    |
|   | <u>(4,259,534)</u>                          | <u>(4,305,394)</u>                   |
|   | <u>10,956,718</u>                           | <u>10,062,711</u>                    |
| Balance as at July 01,  | 10,062,711                                  | 19,692,369                           |
| Add: Charge during the year to:   |   |                                      |
| Profit and loss account   | 760,866                                     | (9,639,802)                          |
| Other comprehensive income  | 2,536                                       | 10,144                               |
|   | <u>763,402</u>                              | <u>(9,629,658)</u>                   |
|   | <u>10,826,113</u>                           | <u>10,062,711</u>                    |
| <b>7 SHORT TERM BORROWING</b>   |   |                                      |
| <b>From Banking Companies:</b>  |   |                                      |
| Cash Finance  | 29,099,621                                  | 25,781,924                           |
| Running Finance   | 7,870,781                                   | 2,445,781                            |
|   | <u>36,970,402</u>                           | <u>28,227,705</u>                    |
| <b>From Related Parties:</b>  |   |                                      |
| Directors - unsecured and interest free   | 66,703,652                                  | 66,703,652                           |
|   | <u>103,674,054</u>                          | <u>94,931,357</u>                    |

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

- Counter guarantees by the bank in respect of guarantees issued in the normal course of business for sum of Rs.6.550 million (June 30, 2016 6.550 million)
- Sui Northern Gas Pipelines Limited (SNGPL) has raised a demand amounting Rs.39.805 million (June 2016:Rs. 39.805 million), which has been contested by the Company as unsubstantiated and unjustified. The Company had deposited Rs.28.178 million with SNGPL under protest. SNGPL had constituted a Review Committee to examine and resolve the matter and bring the facts on record. The aforesaid Committee has decided the case against the Company. The Company had filed appeal to Oil & Gas Regulatory Authority (OGRA). The Joint Executive Director (OGRA) has decided the case in favour of the Company. However, SNGPL has filed appeal to OGRA for review against the decision of Joint Executive Director (OGRA). OGRA has decided the case against the company. The company had filed writ petition against the decision of the OGRA. The Honorable Court had set aside the decision of OGRA. Therefore, SNGPL had filed appeal with OGRA. OGRA has decided the appeal filed by the SNGPL in favour of the Company.

During the year, the Commissioner Inland Revenue issued notice u/d. 122(1)(5A) of the Income Tax Ordinance 2001 in respect of tax years 2010 and 2011. The Commissioner Inland Revenue finalized assessment and made additions under section 18(1)(d) of the Income Tax Ordinance amounting Rs.11.55 million and Rs.12.25 million in respect of tax year 2010 and 2011 respectively (no tax liability arose due to availability of brought forward taxable losses). The company has filed appeal with Commissioner Inland Revenue (Appeals) against the aforesaid order. The company has strong case and hopeful of a favourable decision.

### 8.2 Commitments

- Commitments in respect of letters of credit for capital expenditures were amounting to Rs.11.936 million (June 30, 2016: Rs.11.936)
- Commitments in respect of letters of credits other than for capital expenditures were amounting Rs. 21.270 million (June 30, 2016: Rs.17.392 million)

Other than the above mentioned matter, there is no material change in the contingent liabilities of the company since the last annual balance sheet as at June 30, 2016.

## 9 PROPERTY, PLANT AND EQUIPMENT

|   |     | September 30, 2016<br>Rupees<br>(Unaudited) | June 30, 2016<br>Rupees<br>(Audited) |
|---|-----|---|--------------------------------------|
| Operating fixed assets                                | 9.1 | 690,383,232                                 | 690,359,148                          |
| Capital work in progress                              | 9.2 | 26,369,469                                  | 26,246,483                           |
|   |     | <u>716,752,701</u>                          | <u>716,605,631</u>                   |
| <b>9.1 OPERATING FIXED ASSETS</b>                     |     |   |                                      |
| Opening book value                                    |     | 690,359,148                                 | 369,243,706                          |
| Add: Additions during the period / year-cost          |     | 6,093,944                                   | 344,276,030                          |
| Less: Disposal during the period/ year-net book value |     | (707,330)                                   | (1,973,968)                          |
|   |     | <u>695,745,762</u>                          | <u>711,545,768</u>                   |
| Less: Depreciation charged for the period / year      |     | 5,362,530                                   | 21,186,620                           |
|   |     | <u>690,383,232</u>                          | <u>690,359,148</u>                   |
| <b>9.2 CAPITAL WORK IN PROGRESS</b>                   |     |   |                                      |
| Building  |     | 16,804,482                                  | 16,681,496                           |
| Pipeline and electric fitting                         |     | 9,564,987                                   | 9,564,987                            |
|   |     | <u>26,369,469</u>                           | <u>26,246,483</u>                    |

|   | September 30, 2016    | September 30, 2015    |
|---|-----------------------|-----------------------|
|   | Rupees<br>(Unaudited) | Rupees<br>(Unaudited) |
| <b>10 SALES</b>                         |                       |                       |
| Exports                                 | 5,370,336             | -                     |
| Processing receipts                     | 162,785,243           | 145,419,050           |
|   | <u>168,155,579</u>    | <u>145,419,050</u>    |
| <b>11 OTHER OPERATING INCOME</b>        |                       |                       |
| <b>Income from non financial assets</b> |                       |                       |
| Sale of scrap                           | 120,800               | 145,400               |
| Profit on disposal of fixed asset       | 137,847               | -                     |
| <b>Income from financial assets</b>     |                       |                       |
| Profit on TDRs / Bank deposits          | 1,825                 | 5,942                 |
| Deferred income recognised              | 869,066               | 947,850               |
|   | <u>1,129,538</u>      | <u>1,099,192</u>      |

## 12 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties have been disclosed in the relevant notes to the financial statements.

## 13 GENERAL

In order to comply with the requirements of International Accounting Standard 34 Interim Financial Reporting' balance sheet has been compared with the balances of annual financial statements, whereas profit and loss account and cash flow statement and 'statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

## 14 DATE OF AUTHORISATION

The condensed interim financial information was authorised for issued on October 28, 2016.

## 15 FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No significant rearrangements or reclassifications have been made in this condensed interim financial information.

Figures in this condensed interim financial information have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE

DIRECTOR