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**AL-QADIR** >>>

**Textile Mills Limited**



**31<sup>st</sup>**

**Annual  
Report**

**2017**



**6-km. Jhelum Road, Chakwal**

# بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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## VISION

Al-Qadir Textile Mills Limited is the largest exporter of cotton yarn in Rawalpindi Division, delivering quality products through innovative technology and effective resource management, maintaining high ethical and professional standards.

Pursuing its objectives, Al-Qadir Textile Mills Limited has over the years, preserved to attain the present enviable position, with its products competing at home and abroad.

We work to achieve commitments, integrity, fairness and teamwork into every aspect of our business dealings.

## MISSION

Our mission is to keep ahead of our competitors. We can not be complacent about our achievements. Everyone from top management to workers is driven by this mission and engaged in applying resources to continual product improvement.

Given its vision and its focused strategy, Al-Qadir Textile Mills Limited, can look forward to as bright a future as its past.

Better utilization of man-power, continuous improvement in quality, customer's satisfaction is our mission.



## COMPANY INFORMATION

### BOARD OF DIRECTORS:

#### CHAIRMAN

MR. MUHAMMAD BASHIR RAJA

#### CHIEF EXECUTIVE OFFICER DIRECTORS

MR. GHULAM ALI RAJA  
MR. ASIF ALI RAJA  
MR. ADIL BASHIR RAJA  
MST. TASNEEM AKHTAR  
MST. YASMEEN BEGUM  
MST. ASBAH RUBINA  
MR. GUL SHER KHAN

### AUDIT COMMITTEE:

#### CHAIRMAN

#### MEMBERS

MR. GUL SHER KHAN  
MST. TASNEEM AKHTAR  
MST. YASMEEN BEGUM  
MST. ASBAH RUBINA

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

#### CHAIRMAN

#### MEMBERS

MR. GUL SHER KHAN  
MR. GHULAM ALI RAJA  
MST. ASBA RUBINA

### CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

MR. ZAHEER AHMED AKMAL

### AUDITORS

NASIR JAVED MAQSOOD IMRAN  
CHARTERED ACCOUNTANTS,  
ISLAMABAD

### BANKERS:

BANK AL-FALAH LIMITED

### REGISTERED OFFICE

RAJA HOUSE, NEAR MAKKI MASJID,  
CHAKWAL, PAKISTAN

TEL: 0543-540833 FAX: 0543-540834

URL: [www.aqtextile.com](http://www.aqtextile.com)

E-MAIL: [info@aqtextile.com](mailto:info@aqtextile.com)

### HEAD OFFICE & MILLS

6-K.M. JHELUM ROAD, CHAKWAL

### SHARE REGISTRARS

M/S F.D REGISTRAR SERVICES (SMC-PVT) LTD.,  
17<sup>TH</sup> FLOOR, SAIMA TRADE BLOCK – A  
I.I. CHUNDRIGAR ROAD,  
KARACHI.

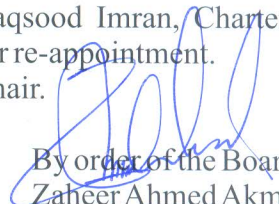


## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of the Company will be held at Mills Office 6-K.M Jhelum Road, Chakwal on Monday i.e. October 31, 2017 at 10:00 A.M to transact the following business.

1. To confirm the Minutes of the 30th Annual General Meeting held on October 31, 2016.
2. To receive and adopt the Audited Accounts of the company for the year ended 30th June 2017 and the Directors and Auditor's Report thereon.
3. To approve and appoint the "External Auditors" for the year 2017-18 and to fix their remuneration. The retiring auditor M/s Nasir Javed Maqsood Imran, Chartered Accountants, Islamabad being eligible, offer themselves for re-appointment.
4. To consider any other business with the permission of the chair.

Chakwal  
October 10, 2017

  
By order of the Board  
Zaheer Ahmed Akmal  
Company Secretary

### NOTICES:

1. The share transfer books of the company will remain closed from 25th October to 31st October 2017 (both days inclusive). Transfer received in order at the Registrars of the Company i.e., M/s Your Secretary (Pvt.) Limited, 1020, Uni Plaza, I.I. Chundrigar Road, Karachi.
2. A member entitled to attend and vote all the general meetings, is entitled to appoint another member as proxy to attend and vote for his/her behalf. Complete proxy form must be received at Company's Registrar or the Registered Office of the Company, not less than 48 hours before the time of the meeting.
3. Any individual beneficial owner of CDC, entitled to vote at this meeting must bring his/her original Computerized National identity Card with him/her to prove his/her identity and in case of proxy, a copy of shareholders' attested Computerized National Identity Card must be attached with the proxy form.
4. Shareholders are requested to promptly notify the Company or the Registrars of the Company of any change in their address.



## DIRECTOR'S REPORT TO THE MEMBERS

In the Name of Allah, Most Gracious, Most Merciful

The Directors of your Company are pleased to present before you the audited Financial Statements for the year ended June 30, 2017 along with Auditors' report thereon.

### Performance of Company

During the year under review your Company faced many challenges but overall performance remained satisfactory despite stagnant demands of textile products in local as well as in the international market which ultimately resulted in decline in yarn prices in the markets.

During the financial year under review the company has earned pretax profit of Rs. 26.742 million as compared to loss after tax of Rs.9.579 million for the corresponding last year. This improvement besides declining and worsening scenario of textile sector was due to declining trend in lint cotton prices and continuous efforts of management and staff. Declining trend in input cost i.e ginned cotton, reduction in other cost of production and improvement in power outages as compared to the corresponding last year is another factor. During the period under review the turnover of the company decreases from 1.475billion to Rs.1.420 billion.

### Future Outlook

Textile industry is passing through difficult circumstances, mainly due to lower textile demands and comparatively high cost of production as of neighboring countries. Much awaiting incentives announced by the Government of Pakistan are unable to support and boost the textile industry as expected. The Government should take necessary steps and provide relief without further loss of time. In spite of all these conditions the management is making its best efforts to make the operation as efficient as possible. The company has applied for de-listing from Pakistan Stock Exchange which is under process.

Textile sector is the backbone of our economy, accounting for 8 percent of GDP with significant potential for growth. It has the most intensive backward and forward linkages within the wider economic chain compared to any other sector. Spinning industry, in Pakistan has many challenges to face. Despite difficult situation ahead due to uncertain cotton market and power shortages, we are hopeful that your company would continue its journey of profitability. The management of your company continues to make best efforts, through strategy of expanding and diversifying product range and targeting new and growing markets.

### CORPORATE & FINANCIAL REPORTING FRAMEWORK:

We are pleased to report that your company has taken necessary steps to comply with the provisions of Code of Corporate Governance as amended in 2013 and incorporated in the listing regulations of the Stock Exchanges.

- The financial statements for the year ended June 30, 2017 present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IAS) as applicable in Pakistan has been followed in preparation of financial statements; and departure, if any, has been adequately disclosed.



- The system of internal control is sound in design. The process of monitoring will continue and control strengthened where ever considered necessary;
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations of Stock Exchange & Companies Ordinance 1984.
- Key operating and financial data of last six years is summarized.
- There are no outstanding statutory payments on accounts of taxes, duties, levies or charges except those reflected in the audited accounts.
- The company operated an un-funded and unapproved gratuity scheme. Provision is made annually to cover the obligations under the scheme. The latest actuarial valuation has been carried out as at June 30, 2017.
- During the year, six meetings of the Board of Directors were held and the attendance by each member is given at annexure.

<b>Name of Directors</b>	<b>No. of Board Meeting Attended</b>
Mr. Ghulam Ali Raja	5
Mr. Mohammed Bashir Raja	6
Mr. Asif Ali Raja	6
Mr. Adil Bashir Raja	6
Mr. Gul Sher Khan	4
Mst. Tasneem Akhtar	5
Mst. Yasmeen Begum	5
Mst. Asbah Rubina	4

(The Board granted leave of absence to the directors who could not attend the meetings due to their pre-occupation.)

- During the year 5 meetings of the Audit Committee were held attendance by each director is as follows.

Mr. Gul Sher Khan	Chairman	5
Mst. Tasneem Akhtar	Member	5
Mst. Yasmeen Begum	Member	4
Mst. Asba Rubina	Member	4
- The pattern of shareholding as on June 30, 2017 and its disclosure as required in the Code of Corporate Governance is annexed with this report.
- During the year one meeting of the Human Resource and Remuneration Committee was held and attended by all the members.
- Code of conduct has been developed and are communicated and acknowledged by each Director and employee of the Company.
- The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been

**AUDITORS**

The present auditors of the Company M/S Nasir Javed Maqsood Imran, Chartered Accountants, Islamabad, retire and being eligible, offer themselves for re-appointment. The Audit Committee has recommended re-appointment of the same auditors.

**ACKNOWLEDGEMENT**

The directors of the company wish to place on record their appreciation for the efforts of the executives, officers, staff members and workers of the company in achieving the best possible results. They also thank its shareholder, customers banks and financial institutions for their continued support extended by them in smooth running of company's operations and hope that their cooperation will be continued with the same spirit in the years to come.

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

The statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations No. 35 of listing regulations of Karachi Stock Exchange for purposes of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

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

1. The Company encourages representation of independent Non-Executive Directors on its Board of Directors. At present the Board includes—

Category	Name
Independent Director	1. Gul Sher Khan
Executive Director	1. Muhammad Bashir Raja 2. Asif Ali Raja 3. Adil Bashir Raja
Non-Executive Director	1. Ghulam Ali Raja 2. Tasneem Akhtar 3. Yasmeen Begum 4. Asba Rubina

(The independent director meets the criteria of independence under clause 5.19.1(b) of the code of corporate governance)

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a Stock Exchange has been declared as defaulter by the stock exchange.
4. No casual vacancy occurred in the Board during the current 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 decision on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO and other working director(s) have been taken by the Board/shareholders.
8. The meeting of the Board was presided over by the Chief Executive or in his absence other director elected by the board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were appropriately circulated at least seven days before the meetings. The minutes of the meeting were recorded and circulated. The Company Secretary and CFO attended the meetings of the Board of Directors.
9. Directors are well conversant with the listing regulations and legal requirements and as such are fully aware of their duties and responsibilities.
10. The Board has already approved appointment of Chief Financial Officer, Company Secretary, and Internal Auditor, their remuneration and terms and conditions of employment.
11. The Director's Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters, required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of three members, of whom all are non executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of references of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members including the CEO and non executive directors, while the chairmen of the committee is non executive director.
18. The Board has set up an effective internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company. They are involved in the internal audit function on full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating, under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's shares was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. All related party transactions entered during the year were at arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by Audit Committee and Board of Directors.
24. We confirm that all other material principles contained in the Code have been complied with.

CHAKWAL  
October 10, 2017

  
GHULAM ALI RAJA  
(Chief Executive Officer)

**FINANCIAL DATA AT A GLANCE**

FROM 2012 -2017

Rs Million

	2012	2013	2014	2015	2016	2017
Sales Revenue	1,453.022	1,819.084	1,610.289	1,607.355	1,475.492	1,420,264
Marketing & Administrative Expenses	13.955	16.990	17.437	17.586	17.234	17,682
Profit/(Loss) before Tax	14.654	53.373	(63.835)	(85.578)	(9.579)	26,742
Profit/(Loss) after Tax	3.634	44.328	(70.819)	(91.288)	(4.551)	2,927
Capital expenditure	5.696	36.776	110.666	28.867	69.065	-
Shareholders' Equity	466.590	519.688	446.569	441.736	444.963	445,690
No. of Shares Outstanding	7.560	7.560	7.560	7.560	7.560	7.560
Break-up Value (Rs./Share)	61.72	68.74	59.07	58.43	58.86	58,954
Cash Dividend (%)	NIL	NIL	NIL	NIL	NIL	NIL
Dividend per Share (Rs.)	NIL	NIL	NIL	NIL	NIL	NIL
Bonus Share (%)	NIL	NIL	NIL	NIL	NIL	NIL
Production converted on 20/s KG	9.555	9.456	8.743	8.860	9.892	9,839

Key Performance Indicators

Return on Shareholders' Equity	0.78	8.53	(15.86)	(20.67)	(1.02)	0.66
Return on Total Assets	0.51	6.17	(8.60)	(9.43)	(0.48)	0.35
Earning per Share (Rs.)	0.48	5.86	(9.37)	(12.08)	(0.60)	387.17
Total Assets	714.935	718.967	823.371	968.547	952.084	846,213



## 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 of Al-Qadir Textile Mills Limited ("the Company") for the year ended 30 June 2017, to comply with the requirements of the Rule 5.19 of the Rule Book of Pakistan Stock Exchange Limited, 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 of Directors' statement on internal controls 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 of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirements to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Islamabad  
October 10, 2017

  
**Nasir Javaid Maqsood Imran**  
Chartered Accountants  
Imran-UI-Haq, FCA

**AUDITOR'S REPORT TO THE MEMBERS**


We have audited the annexed balance sheet of Al-Qadir 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 accounts and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investment made and the expenditure incurred during the year were in accordance with the objects of the Company;
- 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 the statement of the 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 profit, 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 Ushr Ordinance, 1980 (XVIII of 1980).

Islamabad  
October 10, 2017

  
**Nasir Javaid Maqsood Imran**  
Chartered Accountants  
Imran-UI-Haq, FCA

**BALANCE**

AS AT

	Note	2017 Rupees	2016 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	6	75,600,000	75,600,000
Share deposit money	7	15,922,750	15,922,750
Accumulated profit		<u>125,513,273</u>	<u>116,457,485</u>
		<b>217,036,023</b>	<b>207,980,235</b>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
	8	<b>228,654,142</b>	<b>236,983,090</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities	9	<b>68,188,410</b>	<b>64,436,363</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	<b>108,155,461</b>	<b>151,858,737</b>
Accrued mark-up		<b>5,187,174</b>	<b>3,505,271</b>
Short term borrowings	11	<b>204,788,779</b>	<b>286,374,019</b>
Provision for taxation	12	<b>14,202,639</b>	<b>946,184</b>
		<b>332,334,053</b>	<b>442,684,212</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13	<b>-</b>	<b>-</b>
		<u><b>846,212,629</b></u>	<u><b>952,083,899</b></u>


  
CHIEF EXECUTIVE

**SHEET**

30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	571,969,723	612,309,175
Long term deposits	15	444,599	444,599
		<b>572,414,322</b>	612,753,774
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	16	8,904,235	8,787,364
Stock in trade	17	175,645,725	42,379,240
Trade debts - considered good	18	21,702,592	211,806,622
Advances	19	20,970,181	26,718,269
Tax refunds due from the government	20	34,341,540	29,829,450
Cash and bank balances	21	12,234,034	19,809,180
		<b>273,798,308</b>	339,330,125
		<b>846,212,629</b>	<b>952,083,899</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
DIRECTOR



## PROFIT AND LOSS ACCOUNT

### FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
Sales	22	1,420,263,926	1,475,492,312
Cost of sales	23	(1,321,356,952)	(1,398,310,457)
<b>Gross profit</b>		<b>98,906,974</b>	<b>77,181,855</b>
Selling and distribution expenses	24	15,370,699	40,485,230
Administrative expenses	25	17,682,282	17,234,382
Other operating expenses	26	9,846,201	1,270,541
		(42,899,182)	(58,990,153)
<b>Profit/(Loss) from operations</b>		<b>56,007,792</b>	<b>18,191,702</b>
Other operating (loss)/Income	27	110,957	(1,023,009)
		56,118,750	17,168,694
Finance cost	28	(29,376,723)	(26,748,022)
<b>Profit/(Loss) before taxation</b>		<b>26,742,027</b>	<b>(9,579,328)</b>
Taxation	29	(23,815,299)	5,028,009
<b>Profit/(Loss) after taxation</b>		<b>2,926,728</b>	<b>(4,551,319)</b>
<b>Earnings/(Loss) per share - basic and diluted</b>	30	<b>0.39</b>	<b>(0.60)</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR



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

	Note	2017 Rupees	2016 Rupees
Profit/(Loss) after taxation		2,926,728	(4,551,319)
Other comprehensive income :			
<b>Item that will not be reclassified to profit or loss:</b>			
Loss on remeasurement of post employment benefit obligations		(316,063)	(57,868)
Impact of deferred tax		-	-
		<u>(316,063)</u>	<u>(57,868)</u>
Comprehensive income /(loss) transferred to equity		<u>2,610,665</u>	<u>(4,609,187)</u>
<b>Other comprehensive income not transferred to equity</b>			
Surplus on revaluation of property, plant and equipment (net of deferred tax)		-	(10,390,861)
Total comprehensive income /(loss) for the year		<u>2,610,665</u>	<u>(15,000,048)</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
CHIEF EXECUTIVE  
DIRECTOR





## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	31	<b>73,925,583</b>	102,157,694
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-	(69,064,693)
Proceeds from disposal of property, plant and equipment		-	2,000,000
Profit on deposit accounts		<u>84,510</u>	<u>115,265</u>
Net cash used in investing activities		<u>84,510</u>	<u>(66,949,428)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings		<u>(81,585,240)</u>	<u>(20,338,510)</u>
Net cash generated from financing activities		<u>(81,585,240)</u>	<u>(20,338,510)</u>
Net decrease in cash and cash equivalents		<b>(7,575,146)</b>	14,869,756
Cash and cash equivalents at the beginning of the year		<u>19,809,180</u>	<u>4,939,423</u>
Cash and cash equivalents at the end of the year		<u><b>12,234,034</b></u>	<u>19,809,180</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR



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

	Share capital	Share deposit money	Accumulated profit	Total
-----Rupees-----				
<b>BALANCE AS AT JUNE 30, 2015</b>	75,600,000	15,922,750	111,105,173	202,627,923
Total comprehensive income for the year				
Loss for the year	-	-	(4,551,319)	(4,551,319)
Other comprehensive income for the year	-	-	(57,868)	(57,868)
	-	-	(4,609,187)	(4,609,187)
Surplus realized on incremental depreciation net of deferred tax	-	-	9,961,499	9,961,499
<b>BALANCE AS AT JUNE 30, 2016</b>	75,600,000	15,922,750	116,457,485	207,980,235
Total comprehensive income for the year				
Profit for the year	-	-	2,926,728	2,926,728
Other comprehensive income for the year	-	-	(316,063)	(316,063)
	-	-	2,610,665	2,610,665
Surplus realized on incremental depreciation net of deferred tax	-	-	6,445,123	6,445,123
<b>BALANCE AS AT JUNE 30, 2017</b>	<b>75,600,000</b>	<b>15,922,750</b>	<b>125,513,273</b>	<b>217,036,023</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR



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

### 1. THE COMPANY AND ITS OPERATIONS

AL-QADIR TEXTILE MILLS LIMITED (the Company) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is quoted on Pakistan Stock Exchange. Its registered office is situated at Raja house, near Makki Masjid, Chakwaal, Pakistan. The Company is engaged in the business of textile spinning.

The Company is under the process of delisting with Pakistan Stock Exchange and it expects that process will be completed within the next financial year.

### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail.

### 3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

#### 3.1 Standards That Became Effective And Adopted:

There were standard and amendments to the approved accounting standards which became effective during the year ended June 30, 2017 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.

#### 3.2 Amendments To Approved Accounting Standards That Are Effective For Company's Accounting Periods Beginning After July 01, 2017.

There are certain new standards and amendments to the approved accounting standards which will be effective for the Company for annual periods beginning on or after July 1, 2017 but are considered not to be relevant or are expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

In addition to this, changes have been made in respect of the disclosure and presentation of the financial statements through promulgation of Companies Act, 2017 (the Act) with effect from the May 30, 2017. However, the applicability of the Act in relation to the preparation of the financial statements has been deferred by the Securities and Exchange Commission of Pakistan through its Circular 17 dated July 20, 2017 for companies having financial closure on or before December 30, 2017.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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



The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision effects only that period, or in the period of the revision and future periods. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in respective policy notes. The areas where assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

**i) Financial instruments**

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

**ii) Useful lives, patterns of economic benefits and impairments**

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might effect the carrying amount of respective item of property, plant and equipment, with corresponding effect on the depreciation charge and impairment.

**iii) Inventories**

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

**iv) Taxation**

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

**v) Staff retirement benefits**

Certain actuarial assumptions have been adopted as disclosed in Note 9.1 to the financial statement for valuation of present value of defined benefit obligations.

**vi) Future estimation of export sales**

Deferred tax calculation has been based on estimates of future ratio of export and local sales.

**vii) Contingencies and commitments**

The assessment of contingencies and commitments inherently involves the exercise of significant judgement as the outcome of future events cannot be predicted with certainty. The Company, based on the availability of latest information, estimates the value of contingent assets and liabilities which may differ on occurrence / non-occurrence of the uncertain future events.

**viii) Provision for doubtful debts**

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**5.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for:

- i). Property, plant and equipment of which land, buildings and plant and machinery are carried at revaluation model in accordance with the requirements of IAS 16 as disclosed in Note 14.
- ii). Defined benefits obligations which are stated at present value in accordance with the requirements of IAS 19 "Employee Benefits" as disclosed in Note 9.

## 5.2 Employee benefits

### Defined benefit plans

The Company operates an unfunded gratuity for all of its permanent employees, who attain the minimum qualification period for entitlement to gratuity. Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried out on June 30, 2017 using the Projected Unit Credit Method.

All actuarial gains and losses are recognised in other comprehensive income as they occur, immediately recognises all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset.

## 5.3 Taxation

### Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation income. The charge for current year is calculated using prevailing tax rates or tax rate expected to apply to the profit for the year if enacted. The charge for the current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax bases in the computation of the taxable profits. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

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



#### 5.4 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date or rates fixed under the Exchange Rate Absorption Scheme of State Bank of Pakistan or forward exchange rate booking, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All known monetary items are translated in Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchange differences to profit and loss account.

#### 5.5 Property, plant and equipment

##### Owned

Property, plant and equipment except freehold land and capital work-in-process are stated at cost / revalued amount less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land and capital work in progress are stated at cost / revalued amount less any recognized impairment loss.

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

##### Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / revalued amount of the assets over their estimated useful lives at the rates given in Note 14. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions up to the date when the asset is de-recognized.

The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

##### De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.



### 5.6 Inventories

Inventories, except for stock in transit and waste stock / rags are stated at lower of cost and net realizable value. Cost is determined as follows:

#### Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

#### Stock in trade

Cost of raw material, work-in-process and finished good is determined as follows:

Raw material	at weighted average purchase cost
Work-in-process and finished goods	at weighted average manufacturing cost including a portion of production overheads

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock / rags are valued at net realizable value.

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

### 5.7 Borrowing cost

Interest, mark-up and other charges on long term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term finances. All other interest, mark up and other charges are recognized in profit and loss account.

### 5.8 Trade debts

Known bad debts are written off and provision is made against doubtful debts.

### 5.9 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

### 5.10 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

### 5.11 Revenue recognition

Revenue from different sources is recognized as under:

- i) Sales revenue is recognized when the goods are dispatched and significant risks and rewards of ownership are transferred to the customer.
- ii) Interest income is accounted for on accrual basis.
- iii) Rebate on exports, if any is accounted for on actual receipt basis.

### 5.12 Share capital

Ordinary shares are classified as equity.



### 5.13 Provisions

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

### 5.14 Impairment

The carrying amounts of the Company's asset are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whenever the carrying amount of the assets exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

### 5.15 Off setting

Financial assets and financial liabilities are off set and the net amount is reported in the financial statements when there is legal enforceable right to off set and the Company intends either to settle on a net basis, or to realize the asset and to settle the liabilities simultaneously.

### 5.16 Cash and cash equivalents

Cash and cash equivalents comprises cash in hand, cash at bank on current, saving and deposit accounts and other short-term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

### 5.17 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and assets and the liabilities are stated at fair value and amortized cost respectively. The Company derecognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instrument. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

#### i) Trade and other payables

Liabilities for trade and other payables are carried at their amortized cost which approximates the fair value of the consideration to be paid in the future for goods and services received.

#### ii) Trade and other receivables

Trade and other receivables are recognized and carried at their amortized cost less allowance for any uncollectable amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

#### iii) Off-setting of financial assets and liabilities

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

### 5.18 Related party transaction

Transactions and contracts with the related parties are carried out at arm's length price determined in accordance with comparable uncontrolled price method.



**5.19 Dividend and other appropriations**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

**5.20 Earnings per share**

The Company presents basic and diluted Earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Note	2017 Rupees	2016 Rupees
<b>6. SHARE CAPITAL</b>			
<b>Authorized:</b>			
15,000,000 (2016 : 15,000,000) Ordinary shares of Rupees 10 each		<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued, subscribed and paid up:</b>			
6,691,000 (2016 : 6,691,000) ordinary shares of Rupees 10 each, issued for cash		66,910,000	66,910,000
869,000 (2016 : 869,000) ordinary shares of Rupees 10 each, issued for consideration other than cash		8,690,000	8,690,000
		<u>75,600,000</u>	<u>75,600,000</u>

**7. SHARE DEPOSIT MONEY**

This represents amount received from Chief Executive Officer Mr. Ghulam Ali Raja in 1993.

	Note	2017 Rupees	2016 Rupees
<b>8. SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
Opening balance		269,783,578	310,780,082
Surplus not subject to deferred tax:			
Opening balance		61,689,105	61,689,105
Assets revalued during the year		-	-
		<u>61,689,105</u>	<u>61,689,105</u>
Surplus subject to deferred tax:			
Opening balance		208,094,473	249,090,977
Assets revalued/adjustment during the year		-	(31,035,005)
		208,094,473	218,055,972
Deferred tax relating to revalued amount		(34,684,312)	(32,800,488)
Revaluation surplus net of deferred tax		<u>235,099,266</u>	<u>246,944,589</u>
Surplus realized during the year (net of deferred tax):			
- Incremental depreciation		(6,445,123)	(8,762,257)
- Surplus realized on disposal of assets		-	(1,199,242)
		<u>(6,445,123)</u>	<u>(9,961,499)</u>
		<u>228,654,142</u>	<u>236,983,090</u>



The latest revaluation of property, plant and equipment was carried out on June 30, 2016 by independent valuer M/s Harvesters Services (Private) Limited using market based approach. The incidence of deferred tax doesn't arise on revaluation of land.

	Note	2017 Rupees	2016 Rupees
<b>9. DEFERRED LIABILITIES</b>			
Gratuity - unfunded defined benefit plan	9.1	2,420,148	2,879,597
Deferred tax	9.2	65,768,262	61,556,766
		<u>68,188,410</u>	<u>64,436,363</u>

Tax credits in lieu of excess tax u/s 113(2)(c) in respect of current and previous years are available to the company, however company has not recognized deferred tax asset on these credits because company do not expect to earn sufficient taxable profits in future to claim these credits.

#### 9.1 Gratuity - unfunded defined benefit plan

##### a) Liability recognized in the balance sheet:

Present value of defined benefit obligation	2,420,148	2,879,597
	<u>2,420,148</u>	<u>2,879,597</u>

##### b) Movement in present value of defined benefit obligation:

Present value of defined benefit obligation at the beginning of the year	2,879,597	2,052,113
Current service cost	3,902,879	2,825,429
Interest cost	37,809	92,887
Benefits paid	(4,716,200)	(2,148,700)
Actuarial (gain)/loss on present value of defined benefit obligation	316,063	57,868
	<u>2,420,148</u>	<u>2,879,597</u>

##### c) Remeasurement recognized in other comprehensive income:

Actuarial (gain)/loss on present value of defined benefit obligation	316,063	57,868
	<u>316,063</u>	<u>57,868</u>

##### d) Amount recognized in the profit and loss account:

Current service cost	3,902,879	2,825,429
Interest cost	37,809	92,887
	<u>3,940,688</u>	<u>2,918,316</u>



e) Expense is recognized in the following line items in the profit and loss account:

Administrative expenses	245,693	156,852
Cost of sales	3,694,995	2,761,464
	<u>3,940,688</u>	<u>2,918,316</u>

f) Principal actuarial assumptions used in the actuarial valuation carried out as at year end are as follows:

Discount rate - per annum	7.75%	7.25%
Expected rate of increase in salary - per annum	6.75%	6.25%
Average expected remaining working life of employees	7 years	7 years
Mortality rates	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005

g) Sensitivity analysis

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions.

Note	2017 Rupees	2016 Rupees
	Effect of increase	Effect of increase
Discount rate change by 1 percent	2,190,982	2,606,200
Salary increase rate change by 1 percent	2,697,189	3,210,417

The above sensitivity analysis are based on the changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the balance sheet.

9.2 Deferred tax

Note	2017 Rupees	2016 Rupees
Differences in tax and accounting bases of assets	31,487,330	29,189,434
Surplus on revaluation of property, plant and equipment	34,684,312	32,800,488
	66,171,642	61,989,922
Provision for gratuity	(403,380)	(433,156)
	<u>65,768,262</u>	<u>61,556,766</u>



	Note	2017 Rupees	2016 Rupees
<b>10. TRADE AND OTHER PAYABLES</b>			
Trade creditors		14,598,472	17,591,534
Accrued and other payables		52,027,058	95,676,097
Advance from customers		25,707,559	25,511,557
Excise duty payable		1,629,032	1,798,632
Withholding tax payable		1,958,813	1,984,003
Workers' Profit Participation Fund	10.1	7,343,175	5,114,960
Workers' Welfare Fund		3,365,255	2,655,857
Unclaimed dividend		1,526,097	1,526,097
		<u>108,155,461</u>	<u>151,858,737</u>

**10.1 Workers' Profit Participation Fund**

Opening balance		5,114,960	4,655,042
Allocation for the period		1,773,495	-
Paid during the year		-	-
		<u>6,888,455</u>	<u>4,655,042</u>
Interest on unpaid balance		454,720	459,918
		<u>7,343,175</u>	<u>5,114,960</u>

The Company retains Worker's Profit Participation Fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers Participation Act), 1968 on funds utilized by the Company till the date of allocation to workers.

Interest is calculated at one year KIBOR + 2.5 % per annum.

	Note	2017 Rupees	2016 Rupees
<b>11. SHORT TERM BORROWINGS</b>			
Banks - secured	11.1	204,240,752	281,825,992
Related parties - unsecured	11.2	548,027	4,548,027
		<u>204,788,779</u>	<u>286,374,019</u>

**11.1 Banks - secured**

Bank Alfalah Limited -FAPC		-	-
Bank Alfalah Limited-FAFB		9,222,400	191,402,494
Bank Alfalah Limited - Cash Finance (Hypo)		48,518,352	41,723,498
Bank Alfalah Limited - Cash Finance (Pledge)		146,500,000	48,700,000
		<u>204,240,752</u>	<u>281,825,992</u>



Other facilities obtained by the Company:

NATURE OF FACILITY	2017		2016		Expiry	Security
	LIMIT	MARK UP / COMMISSION	LIMIT	MARK UP / COMMISSION		
	Rupees (Million)		Rupees (Million)			
Current Finance (Pledge)	700.00	3 Months KIBOR + 2.25% per annum	700.00	3 Months KIBOR + 2.25% per annum	November 30, 2017	Pledge of fresh crop local cotton bales at 10% margin on KCA rates.
Current Finance (Hypo)	50.00	3 Months KIBOR + 2.25% per annum	50.00	3 Months KIBOR + 2.25% per annum		1st charge on the Company's entire current assets. (with 30% margin)
Sub-limit of Current Finance: FAPC Own Sources	(600.00)	3 Months KIBOR + 2.25% per annum / Treasury rate*	(600.00)	3 Months KIBOR + 2.25% per annum / Treasury rate		Pledge of fresh crop local cotton bales at 10% margin on KCA rates.
Sub-limit of Current Finance Pledge: FAFB Own Sources	(600.00)		(600.00)			Acceptance of issuing bank. Lien on original export LC. Acceptance of issuing bank
Sub-limit of Current Finance: FIM	(25.00)	3 Months KIBOR + 2.25% per annum	(25.00)	3 Months KIBOR + 2.25% per annum		Pledge of imported cotton bales at invoice value (imported under LCs established through Bank Alfalah Limited). All Other charges (import duties, taxes etc.) towards landed cost at godown would be borne by the customer in shape of margin
FBP-Clean Documents	200.00	Treasury rate*	200.00	Treasury rate		Acceptance of issuing bank. Lien on original export LC. Acceptance of issuing bank
FBP-Discrepant Documents	120.00	Treasury rate*	120.00	Treasury rate		1st charge on the Company's entire current assets. (with 30% margin) Indemnity for discrepant documents.
Sub-limit of FBP-Discrepant Docs: FAFB-FE-25 Own Sources-Discrepant	(120.00)	3 Months KIBOR + 2.25% per annum / Treasury rate*	(120.00)	3 Months KIBOR + 2.25% per annum / Treasury rate		1st charge on the Company's entire current assets. (with 30% margin) . Indemnity for discrepant documents.
L/C Sight	50.00	0.20% for 1st quarter and 0.10% for subsequent quarters*	50.00	0.20% for 1st quarter and 0.10% for subsequent quarters	Lien on documents. Nil margin on LC or as per SBP directives whichever is higher.	

\*Rates will be on case to case basis.



NATURE OF FACILITY	2017		2016		Expiry	Security
	LIMIT	MARK UP / COMMISSION	LIMIT	MARK UP / COMMISSION		
	Rupees (Million)		Rupees (Million)			
LC Usance 1 <Current finance/Hypo>	(20.00)	0.20 % for 1st & 0.10% for subsequent quarters.*	(20.000)	0.20 % for 1st & 0.10% for subsequent quarters.*	November 30, 2017	20% cash margin against ULC (OTT) for import of machinery. Lien on accepted bills.
Acceptance against Foreign LC 1 <Current finance/Hypo>	(20.00)	0.10% / Month beyond expiry of ULC	(20.000)	0.10% / Month beyond expiry of ULC		20% cash margin against ULC (OTT) for import of machinery. Lien on accepted bills.
LC Usance <FBP Discrepant Docs>			(6.560)	0.20 % for 1st & 0.10% for subsequent quarters.*	October 6, 2016	20% cash margin against ULC (OTT) for import of machinery. Lien on accepted bills.
Acceptance against Foreign LC <FBP Discrepant Docs>			(6.560)	0.10% / Month beyond expiry of ULC		20% cash margin against ULC (OTT) for import of machinery. Lien on accepted bills.

\*Rates will be on case to case basis.

### 11.2 Related parties - unsecured

This represents un-secured interest free and without repayment terms loan obtained from:

Note	2017 Rupees	2016 Rupees
Ghulam Ali Raja - Chief Executive Officer	548,027	2,548,027
Muhammad Bashir Raja - Director	-	2,000,000
	<u>548,027</u>	<u>4,548,027</u>



	Note	2017 Rupees	2016 Rupees
<b>12. PROVISION FOR TAXATION</b>			
Opening balance		946,184	12,295,854
Provision for the			
Current year		14,202,639	946,184
Prior years		7,284,988	538,548
		<u>21,487,627</u>	<u>1,484,732</u>
		<u>22,433,811</u>	<u>13,780,586</u>
Paid / adjusted during the year		<u>(8,231,172)</u>	<u>(12,834,402)</u>
		<u>14,202,639</u>	<u>946,184</u>

**13. CONTINGENCIES AND COMMITMENTS**

- 13.1 Guarantee issued to Pakistan Stock Exchange on behalf of Compnay for delisting. **30,770,935**
- 13.2 There were no other contingencies and commitments as at year end (2016: Nil).
- 13.3 Tax status of the company against various pending cases is as follows:

Tax Year	Demand created (Rupees)	Under section	Expected outcome
2007	2,213,430	124/221	In favour of company
2008	3,091,238	124/221	In favour of company
2011	7,619,743	122 (1)	In favour of company
2011	4,788,627	221	In favour of company
2012	11,308,461	122 (1)	In favour of company
2013	11,940,865	122 (1)	In favour of company

		2017 Rupees	2016 Rupees
<b>14. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	14.1	571,560,463	611,899,915
Capital work-in-progress		409,260	409,260
		<u>571,969,723</u>	<u>612,309,175</u>

### 14.1 Operating fixed assets

Particulars	Free hold land	Building	Plant and machinery	Office equipment	Furniture & fixture	Telephone installations	Vehicles	Weigh station	Total
<b>As at July 01, 2015</b>									
Cost	65,568,750	129,932,910	415,527,001	1,477,380	2,435,529	429,519	21,226,830	1,172,188	637,770,107
Accumulated depreciation	-	-	-	(1,013,450)	(1,610,248)	(395,836)	(14,179,436)	(480,234)	(17,679,204)
Net book value	65,568,750	129,932,910	415,527,001	463,930	825,281	33,683	7,047,394	691,954	620,090,903
<b>Year ended June 30, 2016</b>									
Opening net book value	65,568,750	129,932,910	415,527,001	463,930	825,281	33,683	7,047,394	691,954	620,090,903
Additions	-	-	69,043,693	21,000	-	-	-	-	69,064,693
Disposals	-	-	-	-	-	-	-	-	-
Cost	-	-	(3,350,000)	-	-	-	-	-	(3,350,000)
Accumulated depreciation	-	-	52,192	-	-	-	-	-	52,192
Depreciation charge	-	-	(3,297,808)	-	-	-	-	-	(3,297,808)
Revaluation surplus adjustment	-	(6,496,646)	(34,814,131)	(47,521)	(82,528)	(3,368)	(1,409,479)	(69,195)	(42,922,868)
Cost	-	(721,850)	31,756,855	-	-	-	-	-	31,035,005
Accumulated depreciation	-	721,850	(31,756,855)	-	-	-	-	-	(31,035,005)
Revaluation surplus	-	721,850	(31,756,855)	-	-	-	-	-	(31,035,005)
Net book value	65,568,750	124,158,114	414,701,900	437,409	742,753	30,315	5,637,915	622,759	611,899,915
<b>As at July 01, 2016</b>									
Cost	65,568,750	129,932,910	481,220,694	1,498,380	2,435,529	429,519	21,226,830	1,172,188	703,484,800
Accumulated depreciation	-	(5,774,796)	(66,518,794)	(1,060,971)	(1,692,776)	(399,204)	(15,588,915)	(549,429)	(91,584,885)
Net book value	65,568,750	124,158,114	414,701,900	437,409	742,753	30,315	5,637,915	622,759	611,899,915
<b>Year ended June 30, 2017</b>									
Opening net book value	65,568,750	124,158,114	414,701,900	437,409	742,753	30,315	5,637,915	622,759	611,899,915
Additions	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(6,207,906)	(32,820,639)	(43,741)	(74,275)	(3,032)	(1,127,583)	(62,276)	(40,339,452)
Revaluation surplus	-	-	-	-	-	-	-	-	-
Net book value	65,568,750	117,950,208	381,881,261	393,668	668,478	27,283	4,510,332	560,483	571,560,463
<b>As at June 30, 2017</b>									
Cost	65,568,750	129,932,910	481,220,694	1,498,380	2,435,529	429,519	21,226,830	1,172,188	703,484,800
Accumulated depreciation	-	(11,982,702)	(99,339,433)	(1,104,712)	(1,767,051)	(402,236)	(16,716,498)	(611,705)	(131,924,337)
Net book value	65,568,750	117,950,208	381,881,261	393,668	668,478	27,283	4,510,332	560,483	571,560,463
Rate of depreciation - %	0	5	5-15	10	10	10	20	10	





	Note	2017 Rupees	2016 Rupees
<b>14.2 Depreciation for the year has been allocated as under:</b>			
Cost of goods sold	23	39,090,821	41,379,972
Administrative expenses	25	1,248,631	1,542,896
		<u>40,339,452</u>	<u>42,922,867</u>

**14.3** Freehold land, building and plant and machinery are stated at revalued amounts. Had there been no revaluation, related figures of these assets as at June 30, 2017 would have been as follows:

	Cost	Accumulated depreciation	Written down value
	-----Rupees-----		
Freehold land	3,879,645	-	3,879,645
Building	55,051,956	43,459,990	11,591,966
Plant and machinery	711,460,084	411,346,997	300,113,087
<b>2017</b>	<b>770,391,685</b>	<b>454,806,987</b>	<b>315,584,698</b>
2016	770,391,685	425,146,059	345,245,626

#### 15. LONG TERM DEPOSITS

Security deposits	444,599	444,599
	<u>444,599</u>	<u>444,599</u>

#### 16. STORES, SPARES AND LOOSE TOOLS

Stores	8,784,800	8,647,763
Spares and loose tools	119,435	139,601
	<u>8,904,235</u>	<u>8,787,364</u>

#### 17. STOCK IN TRADE

Raw material	164,255,676	33,046,283
Work-in-process	8,107,140	8,868,611
Finished goods	2,790,675	113,792
Waste	492,234	350,554
	<u>175,645,725</u>	<u>42,379,240</u>

#### 18. TRADE DEBTS - CONSIDERED GOOD

Secured against letter of credit	9,259,432	203,695,532
Unsecured - considered good	12,443,160	8,111,090
	<u>21,702,592</u>	<u>211,806,622</u>



	Note	2017 Rupees	2016 Rupees
<b>19. ADVANCES</b>			
Advances considered good - unsecured			
- To suppliers		6,324,215	10,248,442
- To employees		627,171	789,675
Income tax		9,907,797	15,055,758
Letters of credit		4,110,998	624,393
		<u>20,970,181</u>	<u>26,718,269</u>
<b>20. TAX REFUNDS DUE FROM THE GOVERNMENT</b>			
Sales tax refundable	20.1	23,593,323	19,747,232
Provision for doubtful sales tax refund claims		(11,123,163)	(4,964,575)
		<u>12,470,160</u>	<u>14,782,657</u>
Income tax refundable		21,871,380	15,046,793
		<u>34,341,540</u>	<u>29,829,450</u>

20.1 Sales tax refundable includes Rupees 16,665,835 (2016 : Rupees 16,665,835) on account of refund claims pending for the periods July 2004 to March 2013 against which a provision for doubtful refund claims of Rupees 11,123,163 for the periods July 2004 to June 2012 has been made.

## 21. CASH AND BANK BALANCES

Cash in hand		573,779	203,820
<u>Cash at banks:</u>			
Local currency			
on current accounts		7,743,193	15,790,804
on deposit accounts	21.1	2,154,499	2,080,871
Foreign currency			
on deposit account - USD 16,565 (2016 : USD 16,543)	21.1	1,762,563	1,733,685
		<u>11,660,255</u>	<u>19,605,360</u>
		<u>12,234,034</u>	<u>19,809,180</u>

21.1 Rate of profit on bank deposit is 0.15 % to 7 % per annum (2016 : 0.15 % to 7 % per annum).

## 22. SALES

Local			
Yarn		1,088,782,637	766,388,621
Waste		9,652,136	9,956,951
		<u>1,098,434,773</u>	<u>776,345,572</u>
Export of yarn		321,829,153	722,088,928
Sales tax			
Yarn		-	(22,322,077)
Waste		-	(620,111)
		-	(22,942,188)
		<u>1,420,263,926</u>	<u>1,475,492,312</u>



	Note	2017 Rupees	2016 Rupees
<b>23. COST OF SALES</b>			
Raw material consumed	23.1	969,670,106	1,006,173,272
Salaries, wages and benefits	23.2	97,624,119	93,280,778
Packing material		16,794,690	25,349,706
Fuel and power		182,197,159	207,258,338
Stores, spares and loose tools consumed		2,667,773	2,889,148
Repairs and maintenance		10,972,208	13,651,413
Insurance		3,113,728	2,981,325
Cotton cess		986,800	1,196,300
Depreciation	14.2	39,090,821	41,379,972
Miscellaneous		296,640	342,688
		<u>1,323,414,044</u>	<u>1,394,502,940</u>
Work-in-process			
Opening stock		8,868,611	9,673,395
Closing stock		(8,107,140)	(8,868,611)
		<u>761,471</u>	<u>804,784</u>
Cost of goods manufactured		<u>1,324,175,515</u>	<u>1,395,307,724</u>
Finished goods			
Opening stock		464,346	3,467,079
Closing stock		(3,282,909)	(464,346)
		<u>(2,818,563)</u>	<u>3,002,733</u>
		<u>1,321,356,952</u>	<u>1,398,310,457</u>
<b>23.1 Raw material consumed</b>			
Opening stock		33,046,283	22,677,570
Purchases		1,100,879,499	1,016,541,985
		<u>1,133,925,782</u>	<u>1,039,219,555</u>
Closing balance		(164,255,676)	(33,046,283)
		<u>969,670,106</u>	<u>1,006,173,272</u>

**23.2** This includes employees' retirement benefits amounting to Rupees 3,694,995 (2016 : Rupees 2,761,464)

#### 24. SELLING AND DISTRIBUTION EXPENSES

Export expenses and freight	7,802,390	17,138,741
Commission paid on local sales	1,131,725	1,050,854
Commission paid on export sales	6,436,584	22,295,635
	<u>15,370,699</u>	<u>40,485,230</u>



	Note	2017 Rupees	2016 Rupees
<b>25. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	25.1	6,150,124	5,660,784
Directors' remuneration		5,027,830	4,738,969
Insurance		286,831	240,860
Vehicle running and maintenance		754,748	1,228,169
Traveling and conveyance		132,700	34,644
Entertainment		64,980	94,990
Postage and telecommunication		714,457	1,054,982
Printing and stationery		128,680	329,641
Legal and professional charges		671,000	100,000
Fee and subscription		1,293,394	1,111,571
ISO system		115,027	131,757
Guest house		694,145	677,032
Depreciation	14.2	1,248,631	1,542,896
News paper, books and periodicals		33,355	46,694
Advertisement		120,650	6,750
Miscellaneous		245,730	234,644
		<u>17,682,282</u>	<u>17,234,382</u>

25.1 This includes employees' retirement benefits amounting to Rupees 245,693 (2016 : Rupees 156,852).

## 26. OTHER OPERATING EXPENSES

Auditors' remuneration	26.1	650,000	650,000
Donations	26.2	100,000	8,000
Provision for doubtful sales tax refund claims		6,158,588	-
Workers' Profit Participation Fund (WPPF)		2,228,215	459,918
Workers' Welfare Fund (WWF)		709,398	99,312
Zakat		-	53,310
		<u>9,846,201</u>	<u>1,270,541</u>

### 26.1 Auditors' remuneration

Audit fee	650,000	650,000
Out of Pocket Expenses	-	-
	<u>650,000</u>	<u>650,000</u>

26.2 None of the directors and their spouses have any interest in the donee's fund.

## 27. OTHER OPERATING INCOME / (LOSS)

Financial assets	84,510	115,265
Profit on deposit accounts	26,448	54,515
Exchange gain	-	(1,297,808)
Non-financial assets	-	105,020
Loss on disposal of fixed assets	-	-
Insurance claim received	110,957	(1,023,009)
	<u>110,957</u>	<u>(1,023,009)</u>



	Note	2017 Rupees	2016 Rupees
<b>28. FINANCE COST</b>			
Markup on short term finance		26,680,207	21,785,963
Bank charges and commission		2,696,516	4,962,059
		<u>29,376,723</u>	<u>26,748,022</u>
<b>29. TAXATION</b>			
Current year	12	21,487,627	1,484,732
Deferred			
- Current year		3,255,294	(5,410,584)
- Rate change		(927,622)	(1,102,157)
		<u>2,327,672</u>	<u>(6,512,741)</u>
		<u>23,815,299</u>	<u>(5,028,009)</u>

29.1 Provision for taxation has been made in accordance with sections 113, 154 and 169 of the Income Tax Ordinance, 2001. The assessments of the Company have been finalized up to tax year 2016.

29.2 The applicable tax rate is 31% (2016 : 32 %) on the taxable income of the Company.

29.3 No numeric tax rate reconciliation is presented in these financial statements as the Company is liable to pay minimum tax under section 113 and under section 154 of the Income Tax Ordinance 2001.

### 30. EARNINGS /(LOSS) PER SHARE- BASIC AND DILUTED

Profit/(Loss) after taxation - Rupees		2,926,728	(4,551,319)
Number of ordinary share outstanding		7,560,000	7,560,000
Earnings/(Loss) per share - Rupees	30.1	<u>0.39</u>	<u>(0.60)</u>

30.1 No figure for diluted earning per share has been presented as there is no dilutive effect on the basic earnings per share of the Company.

	Note	2017 Rupees	2016 Rupees
<b>31. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before taxation		26,742,027	(9,579,328)
<b>Adjustments for:</b>			
Depreciation		40,339,452	42,922,867
Worker's Welfare Fund		709,398	99,312
Loss on disposal of fixed asset		-	1,297,808
Provision for gratuity		3,940,688	2,918,316
Interest on WPPF		454,720	459,918
Finance cost		29,376,723	26,748,022
Profit on deposit accounts		(84,510)	(115,265)
Balances written off		-	-
		<u>74,736,472</u>	<u>74,330,978</u>



Working capital changes:	Note	2017 Rupees	2016 Rupees
<b>(Increase) / decrease in current assets</b>			
Stores, spares and loose tools		(116,871)	2,788,538
Stock in trade		(133,266,485)	(6,561,196)
Trade debts		190,104,030	36,679,235
Advances		4,896,416	(19,615,879)
Tax refunds due from the government		(1,984,070)	(496,530)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		(44,867,395)	53,607,889
		<b>14,765,625</b>	<b>66,402,057</b>
Cash used in operations		<b>116,244,124</b>	<b>131,153,707</b>
Finance cost paid		(27,694,820)	(24,360,485)
Taxes paid		(9,907,521)	(2,432,313)
Gratuity paid		(4,716,200)	(2,148,700)
		<b>73,925,583</b>	<b>102,212,209</b>

### 32. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the managing director, directors and executives of the Company are given below:

	2017		2016	
	Chief Executive	Director	Chief Executive	Director
	-----Rupees-----			
Remuneration	-	3,840,000	-	3,840,000
Utilities and other benefits	-	1,187,830	-	898,969
	-	5,027,830	-	4,738,969
Number	1	3	1	3

### 33. FINANCIAL RISK MANAGEMENT

#### 33.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

##### (a) Market risk

##### (i) 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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and foreign debtors. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

	2017	2016
Cash at banks - USD	<u>16,565.44</u>	<u>16,542.80</u>

The following significant exchange rates were applied during the year:

**Rupees per US Dollar**

Average rate	106.733	104.617
Reporting date	106.400	104.800

**Sensitivity analysis**

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 88,128 (2016 : Rupees 86,684) and Rupees 88,128 (2016 : Rupees 86,684) higher / lower respectively, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

**(ii) Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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 instrument traded in the market. The Company is not exposed to commodity price risk as the Company has not made any investment in equity instruments of other companies.

**(iii) Interest rate risk**

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

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2017	2016
	Rupees	Rupees
<b>Floating rate instruments</b>		
<b>Financial liabilities</b>		
Short term borrowings	204,240,752	281,825,992

**Cash flow sensitivity analysis for variable rate instruments**

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 1,409,261 (2016: Rupees 1,916,417) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities / deposits outstanding at balance sheet dates were outstanding for the whole year.

**(b) Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2017 Rupees	2016 Rupees
Long term deposits	444,599	444,599
Advances	627,171	789,675
Trade debts	21,702,592	211,806,622
Bank balances	<u>11,660,255</u>	<u>19,605,360</u>
	<u><b>34,434,617</b></u>	<u><b>232,646,256</b></u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

Rating			2017	2016
Short term	Long term	Agency	Rupees	Rupees

**Banks**

National Bank of Pakistan	A1+	AAA	JCR-VIS	13,732	19,092
Allied Bank Limited	A1+	AA+	PACRA	6,170	6,575
Bank Alfalah Limited	A-1+	AA+	JCR-VIS	4,099,469	5,963,598
Habib Bank Limited	A-1+	AAA	JCR-VIS	2,988,226	7,748,465
MCB Bank Limited	A1+	AAA	PACRA	2,162,909	2,089,336
United Bank Limited	A-1+	AAA	JCR-VIS	6,078	19,602
Faysal Bank Limited	A1+	AA	JCR-VIS	19,687	27,924
Meezan Bank Limited	A-1+	AA	JCR-VIS	2,306,593	2,492,036
Silk Bank Limited	A-2	A -	JCR-VIS	-	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	57,391	1,238,733
				<u><b>11,660,255</b></u>	<u><b>19,605,360</b></u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 18 and hereunder:

The-aging of trade debts at the reporting date was:



	2017		2016	
	Gross	Impairment	Gross	Impairment
	-----Rupees-----			
Not yet due		-	-	-
Past due 1 - 30 days	<b>984,166</b>	-	52,500,545	-
Past due 31 - 90 days	<b>9,765,073</b>	-	104,927,408	-
Past due 91 - 180 days	<b>261,982</b>	-	47,198,254	-
Past due 181 - 360 days	<b>4,228,880</b>	-	1,697,932	-
Over 360	<b>6,462,491</b>	-	5,482,483	-
	<b>21,702,592</b>	-	211,806,622	-

**(c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2017, the Company has available borrowing facilities from financial institutions as mentioned in Note 11 and Rupees 12.2 million cash and bank balances. So, management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at June 30, 2017:

	Carrying amount	Contractual cash flows	6 month or less	6 - 12 month
	-----Rupees-----			
Trade and other payables	80,818,870	80,818,870	80,818,870	-
Accrued mark-up	5,187,174	5,187,174	5,187,174	-
Short term borrowings	204,788,779	204,788,779	204,788,779	-
	<b>290,794,823</b>	<b>290,794,823</b>	<b>290,794,823</b>	-

Contractual maturities of financial liabilities as at June 30, 2016:

	Carrying amount	Contractual cash flows	6 month or less	6 - 12 month
	-----Rupees-----			
Trade and other payables	125,008,467	125,008,467	125,008,467	-
Accrued mark-up	3,505,271	3,505,271	3,505,271	-
Short term borrowings	286,374,019	286,374,019	286,374,019	-
	<b>414,887,757</b>	<b>414,887,757</b>	<b>414,887,757</b>	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at June 30, 2017. The rates of interest / mark up have been disclosed in Note 11 to these financial statements.

**33.2 Fair values of financial assets and liabilities**

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



	2017 Rupees	2016 Rupees
<b>33.3 Financial instruments by categories</b>		
<b>Financial assets as per balance sheet- at amortized cost</b>		
Long term deposits	444,599	444,599
Advances	627,171	789,675
Trade debts	21,702,592	211,806,622
Cash and bank balances	12,234,034	19,809,180
	<u>35,008,396</u>	<u>232,850,076</u>
<b>Liabilities as per balance sheet at amortized cost</b>		
Gratuity	2,420,148	2,879,597
Trade and other payables	80,818,870	124,548,548
Accrued mark-up	5,187,174	3,505,271
Short term borrowings	204,788,779	286,374,019
	<u>293,214,971</u>	<u>417,307,435</u>

**33.4 Capital risk management**

The Company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent short term borrowings obtained by the Company. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. the Company's strategy is to maintain debt burden at minimum possible level. The capital structure of the Company is equity based with no financing through long term borrowings. The Company avails short term borrowing for working capital purposes only.

Borrowings	204,788,779	286,374,019
Total equity	217,036,023	207,980,235
Total capital employed	<u>421,824,802</u>	<u>494,354,254</u>
Gearing ratio (percentage)	<u>48.55</u>	<u>58.03</u>

**34 RECOGNIZED FAIR VALUE MEASUREMENT - NON-FINANCIAL ASSETS****(i) Fair value hierarchy**

Judgements and estimates are made for non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

As at 30 June 2017	Level 1	Level 2	Level 3	Total
	.....Rupees.....			
<b>Property, plant and equipment:</b>				
Freehold land	-	65,568,750	-	65,568,750
Buildings	-	117,950,208	-	117,950,208
Plant and machinery	-	381,881,261	-	381,881,261
<b>Total non-financial assets</b>	-	<u>565,400,219</u>	-	<u>565,400,219</u>



As at 30 June 2016	Level 1	Level 2	Level 3	Total
	.....Rupees.....			
<b>Property, plant and equipment:</b>				
Freehold land	-	65,568,750	-	65,568,750
Buildings	-	124,158,114	-	124,158,114
Plant and machinery	-	414,701,900	-	414,701,900
<b>Total non-financial assets</b>	-	<b>604,428,764</b>	-	<b>604,428,764</b>

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There was no transfer between any level during the year.

**(ii) Valuation techniques used to determine level 2 fair values**

The Company obtains independent valuations for the items of property, plant and equipment carried at revalued amounts every five years with exception of current year. The management updates the assessment of the fair value of each item of property, plant and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of property, plant and equipment carried at revalued amounts within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery is current price in an active market for similar items and depreciated market value.

**Valuation processes**

The Company engages external, independent and qualified valuer to determine the fair value of the Company's items of property, plant and equipment carried at revalued amounts at the end of every five years with exception of current year. As at 30 June 2016, the fair values of the items of property, plant and equipment were determined by Messers Harvester Services (Private) Limited, the approved valuer.

Changes in fair values are analysed between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

**35. INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING**

35.1	DISCRIPTION	Note	2017		2016	
			CARRIED UNDER		CARRIED UNDER	
			Non-Shariah Arrangements	Shariah Arrangements	Non-Shariah Arrangements	Shariah Arrangements
<b>ASSETS</b>			<b>Rupees</b>			
	<b>Long term deposits</b>	15				
	Security deposits- Interest free		-	444,599		444,599
	<b>Advances</b>	19				
	Advances to Supplier		-	6,324,215		10,248,442
	Advances to Employees		-	627,171		789,675
	Margin deposit against letters of credit			4,110,998		624,393
	<b>Bank balances</b>	21	2,154,499	9,505,756	3,757,651	15,847,709
	<b>SHARE DEPOSIT MONEY</b>	7		15,922,750		15,922,750
	<b>LIABILITIES</b>					
	<b>Loan and advances</b>					
	Advances from costumers	10		25,707,559		25,511,557
	Short term borrowings	11	204,240,752	548,027	281,825,992	4,548,027
	<b>INCOME</b>					
	Profit on deposit accounts	27	84,510		115,265	
			<b>2017</b>		<b>2016</b>	
			<b>Rupees</b>		<b>Rupees</b>	
<b>35.2 SOURCES OF OTHER INCOME</b>		27				
	Exchange gain		26,448		54,515	
	Profit on deposit accounts		84,510		115,265	
	Insurance claim received		-		105,020	
			<u>110,957</u>		<u>274,800</u>	
<b>35.3 EXCHANGE GAIN</b>		27				
	Earned from actual currency		26,448		54,515	
	Earned from derivative financial instruments		-		-	
<b>35.4 RELATIONSHIP WITH BANKS</b>			<b>Relationship</b>			
<b>Name:</b>			<b>Non Islamic window operations</b>		<b>With Islamic window operations</b>	
National Bank of Pakistan			✓		-	
Allied Bank Limited			✓		-	
Bank Alfalah Limited			✓		-	
Habib Bank Limited			✓		-	
MCB Bank Limited			✓		-	
United Bank Limited			✓		-	
Faysal Bank Limited			✓		-	
Meezan Bank Limited			-		✓	
Silk Bank Limited			✓		-	
Habib Metropolitan Bank Limited			✓		-	



	2017	2016
<b>36. PLANT CAPACITY AND PRODUCTION</b>		
Number of Spindles installed	<u>38,668</u>	<u>38,668</u>
Installed capacity in 20's count	<u>11,235,420</u>	<u>11,235,420</u>
Actual production after conversion into 20's count in kgs for 728 shifts (2016 : 732 shifts) in kgs (approximately)	<u>9,839,347</u>	<u>9,892,307</u>

The variance in actual and installed capacity production, is due to power crisis faced by the Company during the year.

### 37. RELATED PARTY TRANSACTIONS

The related parties comprise of directors and major shareholders and entities under common directorship and employees' funds. Transactions with related parties made during the year are given below. Remuneration of chief executive, directors and executives are disclosed in Note 32 to the financial statements respectively.

	2017 Rupees	2016 Rupees
<b>Key management personnel</b>		
<b>Director - Muhammad Bashir Raja</b>		
Loan paid	2,000,000	-

	2017	2016
<b>38. NUMBER OF EMPLOYEES</b>		
Number of permanent employees at year end	450	439
Average number of permanent employees during the year	529	518

### 39. GENERAL

In these financial statements figures have been rounded off to the nearest rupee and those of the previous year have been re-arranged and re-grouped wherever necessary to facilitate comparison.

### 40. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 10 October 2017 by the Board of Directors of the Company.

  
CHIEF EXECUTIVE

  
DIRECTOR



**PATTERN OF SHAREHOLDINGS  
AS AT JUNE 30, 2017**

NO OF SHAREHOLDERS	SHAREHOLDINGS			NO. OF SHARES HELD
146	1	TO	100	13,539
566	101	TO	500	244,472
11	501	TO	1000	10,300
26	1001	TO	5000	72,700
4	5001	TO	10000	35,500
1	15001	TO	20000	19,900
1	20001	TO	50000	26,000
2	50001	TO	60000	109,800
5	60001	TO	70000	324,150
1	70001	TO	100000	90,200
6	100001	TO	200000	829,139
3	200001	TO	300000	622,450
1	400001	TO	500000	437,400
2	500001	TO	600000	1,115,900
1	700001	TO	800000	787,050
1	2700001	TO	3000000	2,818,000
<b>777</b>				<b>7,560,000</b>

**CATEGORIES OF SHAREHOLDINGS  
AS AT JUNE 30, 2017**

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Individuals	770	7,550,899	99.88
2	Investment Companies	2	4,600	0.06
3	Financial Institutions	2	3,800	0.05
4	Joint Stock Companies	3	701	0.01
<b>TOTAL</b>		<b>777</b>	<b>7,560,000</b>	<b>100%</b>

INFORMATION AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCEAS AT JUNE 30, 2017

CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% Percentage
<b>Associated Companies, Undertaking and Related Parties</b>	0	0	0
<b>Investment Companies</b>	2	4,600	0.0608
<b>Directors</b>			
<b>Mr. Ghulam Ali Raja</b>	1	2,844,000	37.6190
<b>Mr. Muhammad Bashir Raja</b>	1	787,050	10.4107
<b>Mr. Adil Bashir Raja</b>	1	149,799	1.9815
<b>Mr. Asif Ali Raja</b>	1	171,340	2.2664
<b>Mst. Tasneem Akhtar</b>	1	204,050	2.6991
<b>Mst. Yasmeen Begum</b>	1	116,600	1.5423
<b>Mst. Asbah Rubina</b>	1	58,300	0.7712
<b>Mr. Gull Sher Khan</b>	1	7,800	0.1032
<b>Sponsors, Directors Spouse and Minor Childern</b>	2	128,250	1.6964
<b>Executives</b>	0	0	0
<b>Public Sectors Companies &amp; Corporation</b>	2	700	0.0093
<b>Banks , DFIs , NBFIs, Insurance Companies, Modarabas &amp; Mutual Funds</b>	2	3,800	0.0503
<b>Shareholders Holdings Ten Percent or More</b>			
<b>Mr.Ghulam Ali Raja</b>		2,844,000	37.6190
<b>Mr. Muhammad Bashir Raja</b>		787,050	10.4107

**PROXY FORM**

Folio No. /CDC A/C No.	
Share held	

I/We .....  
of .....  
a member(s) of AL-QADIR TEXTILE MILLS LIMITED and holder of .....  
ordinary shares, as per Registered Folio No. .... do hereby appoint.....  
of ..... a member of  
AL-QADIR TEXTILE MILLS LIMITED, vide Registered Folio No. .... As my / our  
proxy to act on my / our behalf at the 30<sup>th</sup> Annual General Meeting of the Company to be held on the 31<sup>st</sup>  
October 2017 at 10:00 a.m at Mills 6-K.M. Jhelum Road, Chakwal and or at my adjournment thereof.

Signed this ..... day of October, 2017

Signature .....

1. Witness:  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

2. Witness:  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

<b>AFFIX  REVENUE  STAMP</b>
--------------------------------------

Signature-----  
(Signature appended above should  
agree with the specimen signatures  
registered with the Company.)

**NOTICE**

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting.
2. The instrument appointing a proxy should be signed by the member(s) or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed on the instrument.
3. CDC shareholder are requested to bring with them their Computerized National Identity Cards along with the participants' ID number and their account numbers at the time of attending the Annual General meeting in order to facilitate identification of the respective shareholders.
4. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or notarially certified copy thereof, should be deposited at the Company's office not later than 48 hours before the time of holding the meeting.