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Annual Report 2009

HAJRA TEXTILE MILLS LIMITED

بسم الله الرحمن الرحيم

CONTENTS

COMPANY PROFILE

BOARD OF DIRECTORS:

Mr. Noor Ellahi	Chairman
Mr. Ahmed Ellahi	
Mr. M. Hassan Ellahi	
Mr. Salman Yaqub Sheikh (Resigned)	
Mr. Muhammad Shafiq Bhatti	
Mr. Rana Muhammad Saeed	
Mr. Shahid Aziz	(Nominee N.I.T.)

MANAGING DIRECTORS (Chief Executive)

Mr. Noor Ellahi

AUDIT COMMITTEE

Mr. Noor Ellahi	Chairman
Mr. M. Hassan Ellahi	Member
Mr. Rana Muhammad Saeed	Member

CHIEF FINANCIAL OFFICER (CFO)

Mr. Ahmed Ellahi

COMPANY SECRETARY:

Mr. Salman Yaqub Sheikh (Resigned)

AUDITORS:

Munaf Yusuf & Co.
Chartered Accountants, Karachi

BANKERS:

Allied Bank of Pakistan Limited
The Bank of Punjab
SilkBank Limited
(Formerly Saudi Pak Commercial Bank Limited)

REGISTRAR AND SHARE TRANSFER OFFICE:

M/s. Corplink (Pvt) Limited
Wings Arcade, 1-k Commercial Model Town
Lahore. Tele: # (042) 35839182

REGISTERED OFFICE:

45-50 Industrial Area,
Gulberg – III, Lahore.
Tel: (042) 35756181 – 35756183
Fax: (042) 35756194 – 35759466

MILLS:

Jhamke Macheke
8-9 KM Sheikhupura, Sargodha Road,
Sheikhupura.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 30th Annual General Meeting of the shareholders of Hajra Textile Mills Limited will be held at the Company's Registered Office, 45-50, Industrial Area, Gulberg III, Lahore on Saturday October 31, 2009 at 10:30 AM to transact the following business :

ORDINARY BUSINESS :

1. To confirm the minutes of Annual General Meeting held on October 31, 2008.

2. To receive, consider and adopt the Audited Financial Statements together with Directors' Report and Auditors' Report thereon for the financial year ended June 30, 2009.

3. To appoint Auditors of the Company for the financial year 2009-2010 and to fix their remuneration. The retiring Auditors M/s Munaf Yusuf & Co., Chartered Accountants, Karachi, being eligible, have offered themselves for re-appointment.

4. To consider any other business which may be placed before the meeting with the permission of the Chair.

Noor Ellahi
Chief Executive

Lahore
Dated : October 08, 2009.

NOTES :

1. A member eligible to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies to be effective must be received by the Company at the Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, singed and witnessed.

2. The Share Transfer Books of the Company shall remain closed from October 31, 2009 to November 08, 2009 (both days inclusive).

3. Members are requested to promptly notify any change(s) in their registered addresses to Company's Share Registrar M/s Corplink (Pvt) Limited, 1-K, Model Town, Lahore.

4. Shareholders whose shares are deposited with Central Depository Company (CDC) or their proxies are requested to bring their original National Identity Card (NIC) or Passport alongwith the participant's ID number and their bank account number at the time of attending the Annual General Meeting for the purpose of verification.

Vision Statement

To attain a leadership position in the textile sector in Pakistan through commitment, integrity, honesty and team work.

Mission Statement

The Company will conduct its operations prudently assuring customers satisfaction and to provide profits as well as growth to its shareholders through:

- Acquiring sophisticated technology by continuous balancing, modernization and replacement (BMR) of plant and machinery.
- Manufacturing of cotton and blended yarn in accordance with the customer's requirement and market demand.
- Providing quality products to our customers mainly engaged in the manufacturing of textile products.
- Striving hard to develop new markets for the sale of our products.
- Enhancing the profitability of the mills by improved efficiency and cost controls ensuring a fair return to the investors, shareholders and employees of the Company.
- Marketing comprehensive arrangements for the training of our workers as well as technicians and providing them good working conditions.
- Protecting the environment and contributing towards the economic growth of the country as a good corporate citizen.

Statement of Ethics and Business Practices

We believe a complete code of ethics is a pre-requisite for all professionals involved in the day-to-day functioning of Hajra Textile Mills Limited. Our aim is to have highest standard of excellence for the product and the betterment for all those involved directly with our Company, provide a stimulation and challenging team oriented work environment which encourages, develops and rewards excellence and diligently serving our communities with integrity and pride.

Key Operating And Financial Data

	2009	2008	2007	2006	2005	2004	2003	2002
Operating Analysis				Rupees in Million				
Sales	776	663	507	624	495	750	639	592
Gross Profit / (loss)	(6)	(2)	(47)	2	1	14	1	35
Profit / (loss) before taxation	(79)	(43)	(69)	30	(19)	(15)	(31)	8
Taxation	(5)	(2)	(2)	(4)	(6)	(2)	24	6
Profit / (loss) after taxation	(84)	(45)	(71)	26	(13)	(13)	(55)	2
Balance Sheet Analysis								
Total Assets	718	680	593	590	570	533	463	462
Current Liabilities	319	231	199	157	196	190	144	106
	399	449	394	433	374	343	319	356
Presented by:								
Issued, subscribed and paid up capital	138	138	138	138	69	69	69	69
Capital reserve-premium on issue of shares	10	10	10	10	10	10	10	10
General reserve	1	1	1	1	1	1	1	1
Director's Loan	322	315	315	273	125	77	55	39
Surplus on revaluation of fixed assets	92	96	97	101	106	109	117	264
Accumulated loss	(389)	(309)	(267)	(200)	(231)	(220)	(216)	(240)
Equity	174	251	294	323	80	46	36	143
Long Term Loans and Leases	149	15	25	35	220	218	193	210
Defferred Liability	76	183	75	75	74	79	90	3
	399	449	394	433	374	343	319	356
Financial Analysis								
Gross Profit/(loss) to Sales %age	(0.79)	(0.003)	(0.090)	0.28	0.28	1.88	0.20	5.91
(Loss) / Profit before tax to Sales %age	(10.18)	(0.065)	(0.136)	4.78	(3.89)	(1.98)	(4.82)	1.35
(Loss) / Profit after tax to Sales %age	(10.85)	(0.068)	(0.140)	4.21	(2.69)	(1.69)	(8.59)	1.34
Current Ratio	0.60	0.61	0.80	0.89	0.75	0.82	0.79	0.83
Debt Equity Ratio	1.29	0.78	0.13	0.16	2.75	4.74	5.36	1.56

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of stock exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages the representation of non-executive directors on its Board of Directors. At present the Board of Directors includes three non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board during the year.

5. The company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the company.

6. The Board has developed a vision/mission statement. Overall corporate strategy and significant policies of the company are under process of approval.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and fixation of remuneration and terms and conditions of employment of CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and calculated.

9. The Chief Executive recommends that members of the Board should approach him, should they feel any necessity to conduct other orientation courses in this regard.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statement of the company were duly endorsed by CEO and CFO before approval of 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 compiled with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises three members of whom two are non-executive directors. The Chairman of the Board chairs the Audit Committee as well.

16. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set up an effective internal audit function.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with international Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the institute of Chartered Accountants of Pakistan.

19. The statutory auditors of 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.

20. We confirm that all other material principles contained in the Code have been substantially complied with.

For and on behalf of
The Board of Directors

Lahore
Dated: October 08, 2009

Noor Ellahi
Chief Executive

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **HAJRA TEXTILE MILLS LIMITED**, to comply with the Listing Regulation No. 37 (Chapter XI) and No. 40 (Chapter XIII) of the Karachi Stock Exchange and Lahore Stock Exchange, respectively, where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal controls systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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 of Corporate Governance as applicable to the Company for the year ended June 30, 2009.

Karachi
Dated: October 08, 2009

(MUNAF YUSUF & CO.)
Chartered Accountants

DIRECTOR'S REPORT TO THE MEMBERS

The Directors of Hajra Textile Mills Limited welcome the members to the 30th Annual General Meeting of the Company and are pleased to place before you the Audited Annual Accounts and Annual Report for the year ended June 30, 2009.

YEAR UNDER REPORTING

Your company incurred a net loss of 79.028 million before tax as compared to pre-tax loss of 43.188 million in the financial year 2008. The fiscal year under report was probably the worst in the history of the country in terms of economic meltdown. With global plunge in wealth of nations and shrinking volume of trade, the exports of the country exhibited an alarming down trend, and the local market reacted responsively to this decline. Despite that your company was able to record improvement in cost efficiency and volulme of production, the yarn market did not fetch good rates to the products of spinning sector. Current year's net loss owes its origin mostly to the abnormal rise in markup rates prevailing in the economy, worst load-shedding in power and gas, very high raw cotton and polyester rates, market instability and other national factors. Currents year's net loss has also arisen due to foreign exhcange losses of Rs. 18.781 million (2008 : Rs. 9.934 million) on the import letters of credit matured during the year.

The turnover of your company during the year has increased by 17% as compared to the increase of turnover by 31% in the previous year. Since the utilization of production capacity during the year under report was less than optimal due to factors like loadshedding of power and gas, the improvement of sales this year was not as visible as in the previous year. However, the company has been successful in registering a growth in sales in spite of the detriments created by unstable local yarn market. With the hopes that the next calendar year will observe significant reduction in loadshedding, it is expected that the company will be able to improve production and sales in the running fiscal year.

Financial and Operating Results

	2009	2008
	Rupees	
Operating Loss	(24,840,217)	(18,356,032)
Finance cost	(35,018,911)	(15,003,335)
Other operating charges	(19,169,204)	(10,457,384)
Other operating income	-	628,374
Loss before Taxation	(79,028,332)	(43,188,377)
Taxation	5,140,528	1,754,593
Loss after Taxation	(84,168,860)	(44,942,970)
Accumulated loss brought forward	(308,567,245)	(267,467,184)
	(392,736,105)	(312,410,154)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	3,681,777	3,842,909
Accumulated Loss Transferred to Balance Sheet	(389,054,328)	(308,567,245)

EARNINGS PER SHARE

Earning per share for the year under report is Rs.(6.12).

DIVIDEND

No dividend has been declared by the Company during the year due to heavy losses.

GRATUITY FUND

The Company operates an unfunded gratuity scheme for all its permanent employees.

QUALIFICATIONS IN THE AUDITORS' REPORT

The Auditors of your company have qualified their report in respect of classification of foreign exchange differences of Rs. 26.647 million as deferred liability, as mentioned in Note 6.5 to the financial statements. The Directors of your company are confident that the lending bank will enhance the existing long term financing package by an amount sufficient to cover and finance these differences and hence these differences have been shown in the long term portion. As stated in note 9.2 to the financial statements, a group company of the Bank of Punjab, viz, the First Punjab Modaraba, has financed the foreign exchange differences arising on deferred letters of credit for the import of items of plant and machinery, and on the same lines, it is expected that the Bank will also enhance the already approved package to an amount appropriate to cover the foreign exchange differences.

The Auditors of your company have also qualified their report in respect of recording the cost of damaged cotton at replacement values as stated in Note 26.2. The stock of cotton burnt in the tragic fire accident represented the blocks of cotton purchased over past years and hence its historical cost, being the lower of cost and net realizable value, cannot be treated as realistic economic indicator of the current market price of cotton at the time of fire incident. The insurance claim for the damaged cotton has also been lodged on the basis of replacement values, and hence the same treatment has been adopted while recording the cost of damage occurred to raw cotton in the said fire accident.

The Auditors of your company have shown their disagreement on the treatment adopted by the Company in respect of loss occurred to godown buildings during the fire accident. It is pertinent to mention that the insurance surveyors have not yet concluded their survey procedures, and the assessment of loss to the godown buildings cannot be precisely undertaken without removing the damaged structures and/or removal of debris, which may be counted towards fabrication of insurance evidence, as advised by insurance surveyors. Hence, the company has deferred the assessment and recognition of loss to the next reporting year, and for this reason, the entire amount against the claim lodged for damaged structures has been treated as a reserve, as stated in note 10.1

The Balances with the Bank of Punjab in respect of financing facilities have not been confirmed by the bank in view of the possible repercussions during legal proceedings between the company and the bank as stated in notes 6.3 and 6.4 to the financial statements.

CORPORATE GOVERNANCE

As required by the Code of Corporate Governance, the Directors of the Company are pleased to report that:

a) The financial statements prepared by the management of the Company present fairly its true state of affairs, the results of its operations, cash flow and changes in equity.

b) Proper books of account have been maintained by the Company.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.

e) The internal control system of the Company is sound in design and has been effectively implemented and monitored. The process of review will continue and any weakness in control will be removed.

f) Based on accumulated losses and current ratio which is below the desirable ratio, the auditors have included an emphasis of matter paragraph on their report on Company's ability to continue as a going concern. However, any adjustment relating to the recoverability of recorded assets and settlement of recorded liabilities have not been incorporated in these accounts as the management expects continuous support from its sponsoring directors in the foreseeable future.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of the Stock Exchanges on which the Company is listed.

h) Pattern of shareholding and additional information, as required by the Code, is annexed.

i) None of the Directors, CEO, CFO, Company Secretary and their spouses and minor children have traded in the shares of the Company during the year.

j) The role of Chairman and Chief Executive are separate and have been clearly defined.

BOARD MEETINGS

The number of board meetings held during the year were four. The attendance of the Directors are as under:

Name of director	Attendance
Mr. Noor Ellahi	4
Mr. Ahmed Ellahi	4
Mr. Muhammad Hassan Ellahi	3
Mr. Salman Yaqub Sheikh	3
Mr. Muhammad Shafique Bhatti	4
Mr. Rana Muhammad Saeed	4
Mr. Shahid Aziz - NIT nominee	4

Leave was granted to the member of the Board who was unable to attend the meeting.

AUDIT COMMITTEE

Audit Committee is comprising of the following members:

Mr. Noor Ellahi	Chairman
Mr. Muhammad Hassan Ellahi	Member
Mr. Muhammad Saeed Rana	Member

PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed.

KEY OPERATING AND FINANCIAL DATA

Operating and financial data with key ratios for the last six years is annexed.

TRADING IN THE SHARES OF THE COMPANY

No purchase / sale of shares was made by the Chief Executive Officer (CFO), Directors, Chief Financial Officer (CFO) and Company Secretary and their spouses and minor children during the year under report

APPOINTMENT OF AUDITORS

The Company's Auditors M/s Munaf Yusuf & Co. Chartered Accountants have retired and, being eligible, have offered themselves for reappointment. The audit committee has recommended the re-appointment of retiring auditors for the financial year 2009-2010.

CHANGES IN THE BOARD

Mr. Salman Yaqub Sheikh has resigned from the offices of Directorship and Company Secretary due to change of employment. The board will fill up the casual vacancy of the out going office bearer in the due course of time.

ACKNOWLEDGEMENT

We would like to take this opportunity to express our appreciation to the management and employees of the Company for their hard work, dedication and commitment to a high level of working environment. We would like to take opportunity to express our gratitude to the valued shareholders, customers, suppliers and financial institutions for extending their co-operation.

For and on behalf of
Board of Directors

Lahore
Dated: October 08, 2009.

NOOR ELLAHI
Chief Executive

AUDITORS' REPORT TO MEMBERS

We have audited the annexed balance sheet of HAJRA TEXTILE MILLS LIMITED as at 30 June 2009 and the related profit and loss account, 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) The company has classified the balance of foreign exchange differences amounting to Rs 26.647 million (2008: Rs 9.931 million) arising on translation of foreign currency letters of credit for the import of plant and machinery as deferred liability (note 6.5 to the financial statements). In the absence of any formal commitment by the bank to the finance exchange differences, these should have been classified as current liability;

b) The company has recorded the cost of raw cotton destroyed in the fire incident that occurred during the year under report, on the basis of its replacement value in accordance with the terms of relevant insurance policy (note 26.2), although it should have been recorded at the lower of cost and net realizable value. Had the stock destroyed by fire been recorded at its cost or net realizable value, the net loss for the year would have been higher by Rs 20.314 million;

c) The company has not derecognized the fixed assets by the estimated loss value of the damage occurred by the fire incident during the year and consequently the entire amount of insurance claim receivable against such loss has been treated as reserve for the restoration of damaged property (note 10.1). Had this loss been estimated and recognized, the carrying value of fixed assets and the said reserve as at the balance sheet date would have been lower by such amount;

d) Balances with Bank of Punjab as at the balance sheet date remained unconfirmed;

e) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

f) In our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company

g) In our opinion and to the best of our information and according to the explanations given to us and except for the effect of our observations in paragraphs (a) , (b) and (c) above, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with 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 comp any's affairs as at 30 June 2009 and of the loss, cash flows and changes in equity for the year then ended;

h) In our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980;

i) Without qualifying our opinion, we draw attention towards the contents of note 1.2 to the financial statements, which states that the company has incurred net loss of Rs 84.169 million during the year, it has accumulated losses of Rs 389.054 million and its current liabilities exceed its current assets by Rs 126.751 million as at balance sheet date. These conditions indicate the existence of material uncertainty, which casts significant doubt about the company's ability to continue as a going concern and that this concept shall remain valid subject only to the factors mentioned in the said note; and

j) The financial statements for the year ended June 30, 2008 have been audited by another firm of chartered accountants who have, in their report dated 9 October, 2008, expressed a qualified opinion on the classification of foreign exchange differences as a deferred liability in the absence of any formal commitment by the bank to finance such foreign exchange differences.

CHARTERED ACCOUNTANTS
Karachi: 8 October, 2009.
Engagement partner: Abdul Munaf Yusuf FCA

BALANCE SHEET AS

	Note	2009 Rupees	2008 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorised capital:			
14,000,000 (2008: 14,000,000) ordinary shares of Rs.10 each		140,000,000	140,000,000
Issued, subscribed and paid up capital	3	137,500,000	137,500,000
Reserves	4	11,362,500	11,362,500
Accumulated loss		(389,054,328)	(308,567,245)
		(240,191,828)	(159,704,745)
Surplus on Revaluation of Property, Plant and Equipment	5	92,148,858	95,830,635
Non Current Liabilities			
Long term financing	6	139,224,212	9,715,000
Loans from Related Parties	7	321,649,399	315,659,399
Liabilities against assets subject to finance lease	8	10,011,684	3,829,984
Deferred liabilities	9	76,369,318	182,941,756
		547,254,613	512,146,139
Current Liabilities			
Trade and other payables	10	146,302,010	109,109,374
Markup accrued on long term financing, finance lease and short term borrowings	11	27,545,837	4,244,197
Short term borrowings	12	129,074,415	86,510,777
Current portion non current liabilities	13	6,308,134	19,616,154
Provision for taxation	14	9,972,794	11,874,211
		319,203,190	231,354,713
Contingencies and Commitments	15	-	-
		718,414,833	679,626,742

The annexed notes form an integral part of these accounts.

NOOR ELLAHI
Chief Executive

AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	16	522,409,181	415,540,363
Capital work in progress	17	-	121,736,265
Long term investments	18	2,387	3,500
Long term deposits	19	3,550,693	2,406,193
		525,962,261	539,686,321
Current Assets			
Stores and spares	20	19,579,192	26,694,061
Stock in trade	21	31,235,916	86,696,032
Trade debts	22	4,963,697	6,311,479
Advances, trade deposits, tax refundable and other receivables	23	135,539,939	15,955,850
Cash and bank balances	24	1,133,828	4,282,999
		192,452,572	139,940,421
		718,414,833	679,626,742

AHMED ELLAHI
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
Sales - net	25	776,073,080	663,307,684
Cost of sales	26	(782,176,340)	(665,635,352)
Gross Loss		(6,103,260)	(2,327,668)
Operating Expenses:			
- Distribution costs	27	6,083,896	4,929,964
- Administrative expenses	28	12,653,061	11,098,400
		(18,736,957)	(16,028,364)
Operating Loss		(24,840,217)	(18,356,032)
Finance cost	29	(35,018,911)	(15,003,335)
Other operating charges	30	(19,169,204)	(10,457,384)
Other operating income	31	-	628,374
Loss before Taxation		(79,028,332)	(43,188,377)
Taxation	32	(5,140,528)	(1,754,593)
Net Loss for the Year		(84,168,860)	(44,942,970)
Accumulated loss brought forward		(308,567,245)	(267,467,184)
Transferred from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged during the year - net of deferred tax		3,681,777	3,842,909
Accumulated Loss Transferred to Balance Sheet		(389,054,328)	(308,567,245)
Earnings per Share - Basic (Rupees)	33	(6.12)	(3.27)

The annexed notes form an integral part of these accounts.

NOOR ELLAHI
Chief Executive

AHMED ELLAHI
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	2009 Rupees	2008 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(79,028,332)	(43,188,377)
Adjustments for:		
- Depreciation	22,613,448	18,473,559
- Exchange loss	18,781,159	9,931,234
- Gain on sale of investment	-	(309,200)
- Gain on disposal of property, plant and equipment	-	(267,393)
- Provision for gratuity	1,185,481	880,758
- Deficit on revaluation of long term investments	1,113	1,750
- Finance cost	35,018,911	15,003,335
	77,600,112	43,714,043
Operating (loss) /profit before working capital changes	(1,428,220)	525,666
(Increase) / decrease in current assets:		
- Stores and spares	(591,134)	(8,484,374)
- Stock in trade	55,460,116	(25,929,544)
- Trade debts	1,347,782	4,167,962
- Advances, trade deposits and tax refundable	(119,584,089)	12,676,315
Increase / (decrease) in current liabilities:		
- Trade and other payables	37,192,636	25,657,143
	(26,174,689)	8,087,502
Cash (used in) / generated from operations	(27,602,909)	8,613,168
Income tax paid	(1,901,417)	(1,096,485)
Gratuity paid	(1,124,684)	(407,480)
Finance cost paid	(11,717,271)	(13,441,221)
Net Cash used in Operating Activities	(42,346,281)	(6,332,018)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment	(40,000)	(729,767)
Capital work in progress	-	(15,472,363)
Proceeds from disposal of property, plant and equipment	-	400,000
Long term deposits	(1,144,500)	(1,105,343)
Net Cash used in Investing Activities	(1,184,500)	(16,907,473)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	(7,794,196)	(24,803,156)
Loan from directors and related parties	5,990,000	4,950,000
Liabilities against assets subject to finance lease	(377,832)	-
Short term borrowings	42,563,638	11,727,699
Net Cash generated from / (used in) Financing Activities	40,381,610	(8,125,457)
Net Decrease in Cash and Cash Equivalents	(3,149,171)	(31,364,948)
Cash and cash equivalents at the beginning of the year	4,282,999	35,647,947
Cash and Cash Equivalents at the End of the Year	1,133,828	4,282,999

NOOR ELLAHI
Chief Executive

AHMED ELLAHI
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Share Capital	Share Premium Reserve	General Reserve	Accumulated Loss	Total
			Rupees		
Balance as at June 30, 2007	137,500,000	10,312,500	1,050,000	(267,467,184)	(118,604,684)
Net loss for the year				(44,942,970)	(44,942,970)
Transferred from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	-	-	3,842,909	3,842,909
Balance as at June 30, 2008	137,500,000	10,312,500	1,050,000	(308,567,245)	(159,704,745)
Net loss for the year				(84,168,860)	(84,168,860)
Transferred from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	-	-	3,681,777	3,681,777
Balance as at June 30, 2009	137,500,000	10,312,500	1,050,000	(389,054,328)	(240,191,828)

NOOR ELLAHI
Chief Executive

AHMED ELLAHI
Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

Note 1
The Company and its Operations

1.1 Hajra Textile Mills Limited was incorporated in Pakistan as a Public Limited Company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 45-50 Industrial Area, Gulberg III, Lahore. The principal activity of the Company is manufacturing, selling, buying and dealing in all types of textile yarn.

1.2 The Company has accumulated loss of Rs.389.054 million (2008: Rs. 308.567 million) and its current liabilities exceed its current assets by Rs.126.751 million (2008: Rs. 91.414 million) as at the balance sheet date.

The management has materialized its intention to embark on a BMR program by replacing old machinery and also enhancing the production capacity in an effort to improve the overall productivity of the plant, through import of required plant and machinery of Rs. 125.0 million. During the year under report, the newly installed machinery started the commercial production and this caused a significant improvement in the quality of its products and reduction in production overheads. The Company was also able to secure enhancement of working capital lines with one of its leading banks. The Sponsoring Directors of the company have pledged their continued commitment to support the company by injecting fresh funds.

The management believes that in these circumstances, and with the continued support of its sponsoring directors, the going concern assumption used in the preparation of financial statements is valid without considering any adjustment relating to the recoverability of recorded assets and settlement of liabilities.

Note 2
Significant Accounting Policies

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Basis of preparation

These accounts have been prepared under the historical cost convention without any adjustment for the effect of inflation or current values, except that certain property, plant and equipment and investments are stated at revalued amounts and fair values respectively.

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

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

2.3 Staff retirement benefits

The Company operates an unfunded gratuity scheme for all its employees whose period of service is one year or more. The latest actuarial valuation has been carried out as at June 30, 2009 on Projected Unit Credit (PUC) method.

The policy for the recognition of actuarial gain / loss is based on the minimum 10% corridor approach mentioned in paragraph 92 of IAS - 19 (Employee Benefits). The following significant assumptions have been used in actuarial valuations:

Discount rate	12%
Expected rate of salary increase in future years	11%
Average expected remaining working life time of employees	5 years

2.4 Taxation

Current

The charge of current taxation for the year is based on taxable income at the current rates of taxation after taking into account tax rebates and credits available, if any or 0.5% of turnover incase of taxable losses.

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 the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets, as required by IAS-12 (Income Taxes), are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

2.5 Trade and other payables

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

2.6 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation of which a reliable estimate can be made.

2.7 Property, plant and equipment

Owned

Operating property, plant and equipment are stated at cost / revalued amount less accumulated depreciation, except freehold land which is stated at revalued amount. Cost of operating property, plant and equipment consists of historical cost, revalued amount, borrowing costs pertaining to the erection / construction period and other directly attributable costs incurred to bring the assets to their working condition.

Depreciation on operating property, plant and equipment is charged to income on reducing balance method at the rates given in Note 16, applied on monthly basis. Full month depreciation is charged on additions during the month of addition and no depreciation is charged on assets disposed off during the month of disposal.

Maintenance and normal repairs are charged to current year's income. Major renewals and replacements are capitalized. Gain or loss on disposal of operating property, plant and equipment is included in current year's income.

Leased

The Company accounts for assets acquired under finance lease by recording the assets at fair values and related liabilities on the basis of discounted value of the total minimum lease payments to be paid by the Company. Finance costs are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liabilities. Depreciation is charged at the same rates and basis used for the owned assets as specified in Note 16 to write off the cost of assets over their estimated useful life.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

2.8 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

2.9 Investments

Investments are initially recognized on trade date at cost, comprising of consideration paid and cost of transaction except in the case of investments at fair value through profit or loss where transaction costs are charged to profit and loss account when incurred. For listed securities, closing quotations of stock exchanges on last working day of the accounting year are considered for determining fair value. Its classification is made on the basis of intended purpose for holding such investments. These are measured at the balance sheet date in accordance with the requirements of IAS-39 (Financial Instruments: Recognition and Measurement) described as under:

Held to maturity

These are stated at amortized cost less impairment loss, if any, recognized to reflect irrecoverable amounts. Impairment loss is charged to profit and loss account.

At fair value through profit or loss

These are recognized at fair value and changes in carrying values are included in profit and loss account.

Available for sale

These are stated at fair value and changes in carrying values are recognized in equity until investment is sold or determined to be impaired at which time accumulated gain or loss previously recognized in equity is included in profit and loss account for the year.

2.10 Stores, spares and stocks

These are valued at lower of cost and net realisable value. Costs are determined using the following basis.

i)	Stores & spares	-	At moving average cost
ii)	Raw materials	-	At average cost
iii)	Work in process	-	At estimated average cost
iv)	Finished goods	-	At average manufacturing cost

Waste stock is measured at net realisable value

Costs in relation to work in process and finished goods represents annual average costs which consists of prime costs and appropriate manufacturing overheads.

Net realizable value signifies the selling price at which goods in stock could be currently sold less any further costs which would be incurred to complete the sale.

2.11 Trade debts

All outstanding receivables are reviewed at the balance sheet date. The Company recognizes and carries these receivables at original invoice amount less an allowance for any uncollectible amounts. Bad debts, if any, are written off as incurred and provision is made against debts considered doubtful when the collection of full amount is no longer probable.

2.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, cheques in hand and deposits with banks.

2.13 Foreign currency transactions and translation

Assets and liabilities in foreign currency are stated in Pak Rupees at the rates of exchange ruling on the balance sheet date or rate of exchange fixed under contractual agreements. Transactions in foreign currency are translated at the exchange rate prevailing at the date of transaction. All exchange differences are included in the profit and loss account.

2.14 Borrowing costs

Borrowing costs are charged to income as and when incurred except to the extent costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of asset.

2.15 Related party transactions

Transactions with related parties are made at arm's length prices using comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

2.16 Financial instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. It ceases to recognize financial assets when it loses control of contractual rights and in case of financial liability when liability is extinguished. Any gain or loss on subsequent remeasurement / derecognition is charged to income.

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

2.17 Revenue recognition

Sales are recorded on dispatch of goods to customers.
Dividend on equity investments is recognized as income when the right to receive the dividend is established.
Profit on bank deposits is recognized on a time proportion basis that takes into account the effective yield on the deposits.

2.18 Application of accounting policies

There has been no change in accounting policies from those stated in Audited Financial Statements of the previous year ended June 30, 2008.

2.19 Functional and presentation currency

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

Note 3
Issued, Subscribed and Paid Up Capital

2009	2008		2009 Rupees	2008 Rupees
		Ordinary shares of Rs. 10 each		
11,450,000	11,450,000	fully paid in cash	114,500,000	114,500,000
		Ordinary shares of Rs. 10 each		
2,300,000	2,300,000	issued as fully paid bonus shares	23,000,000	23,000,000
13,750,000	13,750,000		137,500,000	137,500,000

Note 4
Reserves

	2009 Rupees	2008 Rupees
Capital reserve		
Share premium reserve		
1,375,000 (June 30, 2008: 1,375,000) right shares issued at a premium of Rs. 7.50 per share	10,312,500	10,312,500
Revenue reserves		
General reserve	1,050,000	1,050,000
	11,362,500	11,362,500

Note 5
Surplus on Revaluation of Property, Plant and Equipment

		2009 Rupees	2008 Rupees
Land - freehold		6,690,808	4,349,025
Buildings on freehold land		5,809,199	6,179,999
Plant and machinery		83,330,628	86,802,738
		95,830,635	97,331,762
Incremental depreciation charged on revalued property, plant and equipment in current year / period - net of deferred tax transferred to retained earnings	**(Note 5.1)**	(3,681,777)	(3,842,909)
Reversal of deferred tax on land		-	2,341,782
		92,148,858	95,830,635

5.1 The incremental depreciation charged on revalued property, plant and equipment during the year has been transferred to retained earnings / (unappropriated loss) to record realization of surplus to the extent of incremental depreciation to comply with the requirements of Section 235 of the Companies Ordinance, 1984 and further notification No. SRO 45(I) / 2003 of the SECP dated January 13, 2003.

5.2 Revaluation was carried out by M/s. Hamid Mukhtar and Company, Valuers and Surveyors, as at September 30, 1995 and certified by an independent firm of Chartered Accountants. Following basis were used for revaluation.

Land - freehold	Market value
Buildings on freehold land	Depreciated market value
Plant and machinery	Depreciated market value

Note 6
Long Term Financing

		2009 Rupees	2008 Rupees
Loans from banking companies - Secured			
Bank of Punjab			
- Demand finance - I	**(Note 6.1)**	1,979,569	4,399,765
- Demand finance - II	**(Note 6.2)**	96,527,132	-
- Forced PAD account	**(Note 6.5)**	26,647,080	-
		125,153,781	4,399,765
SilkBank Limited (formerly Saudi Pak Commercial Bank Limited)			
- SBP LTF-EOP loan	**(Note 6.6)**	18,966,000	24,340,000
		144,119,781	28,739,765
Less: Current and overdue portion		(4,895,569)	(19,024,765)
		139,224,212	9,715,000

6.1 This principal loan of Rs. 25.0 million has been sanctioned by Bank of Punjab for the import of plant and machinery on the following terms and conditions:

a) The loan is secured by way of exclusive hypothecation charge on 18 complete sets of ring spinning frames with all standard accessories and essential parts as per performa invoice.

b) Markup is charged @ 3 months KIBOR rate plus 300 bps with a floor rate of 10% to be recovered quarterly with effect from October 11, 2003.

c) The loan is repayable in 18 quarterly installments commencing from July 11, 2004.

6.2 This represents the creation of Demand Finance II through retirement of foreign exchange letters of credit opened by the Bank of Punjab in the year 2007-2008. This demand finance carries markup at average 3 months KIBOR + 3.5% p.a. with floor of 10% p.a. and repayment period is 5 years from the date of its creation in 20 equal quarterly instalments.

The Demand Finance II is sanctioned for an amount of Rs. 94.50 million and is secured by way of first charge over company's both present and future fixed assets with 25% margin of Rs. 126.00 Million already registered with SECP and through personal guarantees of sponsoring directors of the company.

A repayment schedule has not been formally provided by the Bank in respect of Demand Finance II, due to internal processing delays, and untill the formal creation of demand finance as per terms of its facility offer letter, the Bank has unlawfully parked these amounts in a forced demand account carrying excessive markup of approximately at the rate of KIBOR + 5.0% p.a., and the same has been included in the grounds for a suit for damages as mentioned in Note 6.4 below.

6.3 The Bank has served a legal notice for the recovery of its dues with the warning that the mortgaged property may be sold off, and which notice has been challenged by the company through a writ petition with Lahore High Court. Subsequent to the balance sheet date, the Honourable High Court has declared that the course of action adopted by the Bank is ultra vires of the applicable law and has barred the Bank from taking any step towards auction of mortgaged property. However, the Bank is allowed to adopt other recovery measures as available under the law.

6.4 Subsequent to the Balance Sheet date, the Company has filed a suit against the Bank of Punjab in the Lahore High Court for the declaration and rendition of accounts between the company and the Bank, and for the claim of damages against the Bank for non-fulfillment of its contractual obligations under various financing facilities.

6.5 This represents the additional liability on foreign exchange letters of credit, and was occasioned on account of upward fluctuation of foreign exchange rates since the booking of original liability. The Bank has retired both the original liability as well as this additional liability on the respective dates of maturities, and has created a forced PAD account for the amounts paid for the additional component. The Bank has been requested to enhance the sanctioned limit of demand finance facility by such an amount so as to cover these foreign exchange losses.

The approval process of this request is being awaited for the signature of competent authorities of the bank and management expects that these foreign exchange differences will formally be financed by the Bank in the running year by following the same terms as applicable for principal liability and it is pertinent to mention here that a group company of the same bank viz First Punjab Modarba, has given approval for financing of foreign exchange losses as mentioned in Note 9.2. However, untill such approval, the amount has been parked by the bank in a forced demand account carrying markup of approximately 3 months KIBOR + 5 % per annum. This practice is unlawful, and the Company has protested this practice in its suit for damages against the bank as mentioned in note 6.4 above.

6.6 This principal loan of Rs. 35 million was sanctioned by Silk Bank Limited (formerly Saudi Pak Commercial Bank Limited) for import of power generation plant. On January 06, 2007 the outstanding balance of Rs. 30.626 million was swapped under State Bank of Pakistan's LTF - EOP Scheme on following terms and conditions:

a) The loan is secured by way of first exclusive charge on power generation plant imported through Saudi Pak Commercial Bank Limited (now Silkbank Limited) for Rs. 70 million and first pari passu charge of Rs. 65 million on current assets of the Company.

b) Mark up is charged at SBP's refinance rate plus 2% per annum.

c) The loan is repayable in 18 equal quarterly installments commencing from March 2007.

Note 7

Loans from Related Parties

		2009 Rupees	2008 Rupees
Loan from directors and related persons - Unsecured	**(Note 7.1)**	321,649,399	315,659,399

7.1 This represents amounts advanced by directors and related parties to the company from time to time to meet the working capital and other requirements. During the year, the sponsoring directors and the related persons have injected interest free loan of Rs. 5.990 million. An amount of Rs. 283.016 Million from such loans (2008: Rs. 275.00 million), has been subordinated to the Bank of Punjab. These loans are made interest free and repayment tenure has not been settled. In respect of sub-ordinated loans, the company is barred from returning it back to the directors before a minimum period of 5 years and further subject to the approval of the Bank of Punjab.

7.2 The conversion of directors' loan into paid-up share capital of the company without issuing right shares for Rs 300.00 million, as sanctioned by general body of shareholders at AGM held on October 31, 2008, has been deferred for the time being under intimation to the relevant authorities.

Note 8

Liabilities Against Assets Subject to Finance Lease

	2009 Rupees	2008 Rupees
The amount of future payments and the financial years in which they shall become due are:		
June 30, 2009	-	1,181,334
June 30, 2010	2,860,186	1,023,696
June 30, 2011	3,031,752	1,023,696
June 30, 2012	3,031,752	1,023,696
June 30, 2013	2,614,902	597,196
June 30, 2014	1,862,012	-
	13,400,604	4,849,618
Security deposits	2,249,843	1,105,343
	15,650,447	5,954,961
Finance charges allocated to future periods	(4,152,343)	(1,460,438)
	11,498,104	4,494,523
Finance charges of overdue instalments - shown under Note 11)	(73,855)	(73,150)
Present value of minimum lease payments	11,424,249	4,421,373
Transferred to current portion of long term liabilities (refer to Note 13)	(1,412,565)	(591,389)
	10,011,684	3,829,984

This represents finance lease arrangements for plant and machinery. These liabilities are repayable by May 2014 in equal monthly installments. Monthly lease rentals include financial charges of, approximately, 6 months KIBOR + 3% p.a. with a floor of 12.5% per annum used as discounting factor. Taxes, repairs, replacements and insurance costs are borne by the Company.

The leases are secured against cash deposits of Rs. 2.250 million, leased assets valuing 11.921 million and personal guarantees of the sponsoring directors. The security deposit shall be adjusted against the residual value along with the last installment as the management intends to retain the leased asset at expiry of the lease term.

Note 9
Deferred Liabilities

		2009 Rupees	2008 Rupees
Payable against deferred letters of credit	**(Note 9.1 & 9.2)**	-	111,773,763
Deferred tax - Net	**(Note 9.3)**	74,370,018	69,229,490
Defined benefit plan - Gratuity	**(Note 9.4)**	1,999,300	1,938,503
		76,369,318	182,941,756

Payable against deferred letters of credit

Opening balance

	The Bank of Punjab	First Punjab Modaraba	2009	2008
Principal Liability	96,527,132	5,315,396	101,842,528	-
Foreign exchange loss recognized	9,807,629	123,606	9,931,235	-
	106,334,761	5,439,002	111,773,763	-
	(Note 9.1)	**(Note 9.2)**		

	2009	2008
Principal Liability booked during the year		
- The Bank of Punjab	-	96,527,132
- First Punjab Modaraba	-	5,315,396
	-	101,842,528
Addition on account of fluctuation in foreign exchange rates		
- The Bank of Punjab	16,839,451	9,807,629
- First Punjab Modaraba	1,941,708	123,606
	18,781,159	9,931,235
Transferred to long term liabilities		
- First Punjab Modaraba (Transferred to Finance Lease - note 8)	(7,380,710)	
- The Bank of Punjab (Transferred to DF-II - note 6)	(96,527,132)	
- The Bank of Punjab (Transferred to Forced PAD - note 6)	(26,647,080)	
Closing balance		
- The Bank of Punjab	-	106,334,761
- First Punjab Modaraba	-	5,439,002
	-	111,773,763

9.1 This represents the amounts payable against import of machinery through import letters of credit obtained from the Bank of Punjab, which shall be converted into demand finance facility, carrying markup of at average 3 months KIBOR + 3.5% p.a. with floor of 10% p.a. and repayment period is 5 years from the date of disbursement in 20 equal quarterly instalments.

The import letters of credit were usance for one year term and upon the maturities falling on various dates during the year ended June 30, 2009, these have been completely retired by the Bank as stated in Note 6. Consequently, the amounts of principal liability as well as the additional liability component representing the increase in foreign exchange rates, has been transferred to long term loans, as stated in note 6.

9.2 This represents the amounts payable against import machinery through import letters of credit facility obtained from First Punjab Modaraba in the year 2007-2008. During the year under report, the principal liability representing such import letters of credit as well as foreign exchange fluctuation occasioned on the foreign currency liability, was converted into finance lease by the First Punjab Modaraba, and amount has been included in Finance Lease Liabilities shown under Note 8

9.3 Deferred tax - Net	2009 Rupees	2008 Rupees
Credit / (Debit) balance arising in respect of:		
- Accelerated tax depreciation	66,796,595	61,938,972
- Surplus on revaluation of property, plant and equipment	48,357,656	47,998,369
- Recognized losses	(40,084,478)	(40,084,478)
- Staff retirement benefits and others	(699,755)	(623,373)
	74,370,018	69,229,490

9.4 Defined benefit plan - Gratuity

	2009 Rupees	2008 Rupees
Company's liability		
Opening balance payable	1,938,503	1,465,225
Expense for the year	1,185,481	880,758
Contribution / benefits paid	(1,124,684)	(407,480)
Closing balance	1,999,300	1,938,503
Reconciliation		
Present value of defined benefit obligation	1,900,024	2,083,803
Unrecognized actuarial gain / (loss)	99,276	(145,300)
Liability recognized in the accounts	1,999,300	1,938,503
Expense for the year		
Current service cost	977,101	706,227
Interest cost	208,380	162,278
Actuarial loss	-	12,253
	1,185,481	880,758

Note 10

Trade and Other Payables

		2009 Rupees	2008 Rupees
Creditors for goods supplied			
- Unsecured		72,459,144	76,057,326
- Secured against letters of credit		19,369,238	14,384,630
Advances from customers		30,165,010	11,520,174
Accrued liabilities		9,701,612	4,232,367
Reserve for the restoration of damaged property	**(Note 10.1)**	10,500,000	-
Unclaimed dividend		61,794	61,794
Income tax deducted at source		4,045,212	2,853,083
		146,302,010	109,109,374

10.1 This represents the amount reserved against claim lodged for godowns destroyed in a fire incident occurred during the year. The estimate of the loss occasioned to godowns in fire incident cannot be reliably made unless the salvage is removed and the buildings are cleared for reconstruction/restoration by the insurance surveyors.

Note 11

Markup Accrued on Long Term Financing, Finance Lease and Short Term Borrowings

	2009 Rupees	2008 Rupees
Accrued mark-up on:		
- Long term financing	1,146,410	869,072
- Liabilities against matured import letters of credit for BMR	11,130,515	-
- Liabilities against assets subject to finance lease	194,483	193,778
- Short term borrowings	15,074,429	3,181,347
	27,545,837	4,244,197

Note 12

Short Term Borrowings

		2009 Rupees	2008 Rupees
Banking company - Secured			
The Bank of Punjab			
- Cash finance	**(Note 12.1)**	109,998,500	59,478,253
- Short term running finance	**(Note 12.2)**	15,000,000	15,000,000
Overdrawn bank balances - Unsecured	**(Note 12.3)**	4,075,915	12,032,524
		129,074,415	86,510,777

12.1 This represents outstanding balance of approved limit of cash finance of Rs.110.00 million, sanctioned by the Bank to the company to meet the working capital requirements. The facility carries markup of avg. 3 months KIBOR + 300 bps with a floor of 10% p.a. to be recovered quarterly, and has been secured against pledge of raw materials with suitable margin, a pari passi charge on the current and future assets of the company. The limit has expired as on 31.08.2009, and the renewal thereof is dependent on the mutual settlement of matters discussed in the next paragraph.

The pledged raw material inludes stock of raw cotton which has been destroyed by a fire incident as stated in Note 23.2. The company has filed a suit before the Insurance Tribunal, Lahore against the insurance company for the recovery of insurance claim, and in another suit filed by the company before the Banking Court, Lahore, the Court has restrained the Bank from taking any coercive step for the recovery of the amount advanced under pledge arrangements. However, since the case is in initial proceedings, the final outcome of this later case cannot be objectively ascertained at this stage.

12.2 This represents outstanding balance of approved limit of running finance of Rs.15.00 million, sanctioned by the Bank to the company to meet the working capital requirements. The facility carries markup of average 3 months KIBOR + 450 bps with a floor of 10% p.a. to be recovered quarterly, and has been secured against a hypothecation charge on the current and future assets of the company with a 25% margin and personal guarantees of the sponsoring directors of the company. The limit has expired as on 31.08.2009 and renewal thereof for the ensuing year is contingent upon an integrated package deal expected to be negotiated with the Bank in respect of all the financing facilities.

12.3 The overdrawn bank balance has arisen due to issuance of cheques in excess of balance at bank account.

Note 13

Overdue and Current Portion of Non Current Liabilities

	2009 Rupees	2008 Rupees
Long term loans - current maturity		
- Current maturity	2,916,000	7,780,000
- Overdue instalment	1,979,569	11,244,765
	4,895,569	19,024,765
Liabilities against assets subject to finance lease		
- Current maturity	1,319,434	552,398
- Overdue instalments	93,131	38,991
	1,412,565	591,389
	6,308,134	19,616,154

Note 14

Provision for Taxation

	2009 Rupees	2008 Rupees
Opening balance	11,874,211	9,644,873
Add: Provision for current year	-	3,325,823
	11,874,211	12,970,696
Less: Paid / adjusted	(1,901,417)	(1,096,485)
	9,972,794	11,874,211

14.1 No tax liability is recognized for the current year since the company is in losses and the requirement of providing minimum tax at 0.5% of the turnover under Section 113 of the Income Tax Ordinance, 2001, has been abolished for the year 2008-2009.

14.2 Income tax assessments have been finalized upto the tax year 2008 under the self-assessment scheme.

Note 15

Contingencies and Commitments

Contingencies

There were no material contingencies outstanding as at the balance sheet date (2008: Nil).

Commitments

There were no material commitments as on June 30, 2009 (2008 : Rs. 8.00 million for capital expenditure)

Note 16

Property, Plant and Equipment

Particulars	Cost / Revalued Amount			Rate	Depreciation			Book Value
	Total as at 01-07-2008	Additions / (Deletions)	Total as at 30-06-2009	%	As at 01-07-2008	For the year	Total as at 30-06-2009	as at 30-06-2009
		Rupees				Rupees		
Owned								
Land - free hold	8,223,000	-	8,223,000	-	-	-	-	8,223,000
Buildings on freehold land	78,715,126	-	78,715,126	6	46,679,645	1,870,143	48,549,788	30,165,338
Plant and machinery	555,784,254	117,482,558	673,266,812	4	245,138,533	16,814,632	261,953,165	411,313,647
Gas power generation plant	70,467,444	-	70,467,444	5	9,365,263	2,986,060	12,351,323	58,116,121
Furniture and fixtures	1,846,877	-	1,846,877	10	1,164,979	65,149	1,230,128	616,749
Vehicles	5,767,484	-	5,767,484	20	4,248,022	277,526	4,525,548	1,241,936
Office equipment	2,835,415	40,000	2,875,415	10	1,724,609	109,030	1,833,639	1,041,776
Other assets	773,615	-	773,615	10	551,803	21,193	572,996	200,619
Sub total	724,413,215	117,522,558	841,935,773		308,872,854	22,143,733	331,016,587	510,919,186
Leased								
Plant and machinery	-	11,959,710	11,959,710	4	-	469,715	469,715	11,489,995
Sub total	-	11,959,710	11,959,710		-	469,715	469,715	11,489,995
Total : June 30, 2009.	**724,413,215**	**129,482,268**	**853,895,483**		**308,872,854**	**22,613,447**	**331,486,302**	**522,409,181**
Total June 30, 2008	724,305,416	1,095,799 (988,000)	724,413,215		291,254,686	(855,393) 18,473,559	308,872,852	415,540,363

16.1 Revaluation of land, building and machinery was carried out by an independent valuer as on September 30, 1995. Had there been no revaluation, the cost, accumulated depreciation and book values of revalued assets would have been as follows :

	As on June 30, 2009		
	Cost	Accumulated Depreciation	Written Down Value
	(Rupees)	(Rupees)	(Rupees)
Land - free hold	1,532,192	-	1,532,192
Buildings on freehold land	59,051,665	37,823,556	21,228,109
Plant and machinery	443,655,322	160,542,641	283,112,681

16.2 Depreciation for the year has been allocated as under:

	Note	2009	2008
		(Rupees)	
Cost of goods manufactured	26.1	22,420,917	18,233,513
Administrative expenses	28	192,531	240,047
		22,613,448	18,473,560

Note 17
Capital Work In Progress

	2009 Rupees	2008 Rupees
Plant and machinery		
Opening Balance	121,736,265	366,032
Additions during the year - issued from stores held for capital expenditure	7,706,003	121,640,594
Lease finance charges capitalized	-	193,778
	129,442,268	122,200,404
Less : Transferred to property plant and equipment		
- Lease hold assets	(11,959,710)	-
- Owned assets	(117,482,558)	(464,139)
	(129,442,268)	(464,139)
	-	121,736,265

Note 18
Long Term Investments

	2009 Rupees	2008 Rupees
Available for sale - Investments in quoted company		
Pakistan International Airlines Corporation		
700 (2008: 700) fully paid ordinary shares of Rs. 10 each. Market value of shares at June 30, 2009 was Rs. 3.41 (2008: 5.00) Cost of investment Rs. 7,000	2,387	3,500
	2,387	3,500

18.1 The investment is measured at fair value in accordance with IAS-39 (Financial Instruments: Recognition and measurement). The quoted market value in an active market is considered as fair value of the investment. Difference in fair value and carrying value of Rs. 1,113, being immaterial, has been charged to profit and loss account.

Note 19
Long Term Deposits

	2009 Rupees	2008 Rupees
Security deposits:		
- Utilities	1,300,850	1,300,850
- Lease margin	2,249,843	1,105,343
	3,550,693	2,406,193

Note 20
Stores and Spares

	2009 Rupees	2008 Rupees
Stores	8,267,008	11,693,961
Spares	11,312,184	15,000,100
	19,579,192	26,694,061

20.1 No stores and spares are held for specific capital expenditures as at the balance sheet date.

Note 21
Stock in Trade

	2009 Rupees	2008 Rupees
Raw materials	11,735,584	68,092,670
Work in process	12,306,786	14,663,226
Finished goods	7,149,616	3,866,879
Wastes	43,930	73,258
	31,235,916	86,696,032

Note 22
Trade Debts

	2009 Rupees	2008 Rupees
Trade debts - (Unsecured, considered good)	4,963,697	6,311,479

Note 23
Advances, Trade Deposits, Tax Refundable and other receivables

		2009 Rupees	2008 Rupees
Advances - considered good:			
- Suppliers and contractors		17,222,524	9,360,444
- Employees - for expenses		541,000	1,033,602
- Letters of credit		-	1,206,078
Bank Guarantee Margin		965,000	965,000
Sales tax refundable		1,151,815	3,390,726
Insurance claim receivable	**(Note 23.2)**	115,659,600	-
		135,539,939	15,955,850

23.1 Amount due from chief executive, directors and executives is Rs. Nil (June 30, 2008: Rs. Nil).

23.2 This represents the claim lodged with the insurance company for the recovery of loss sustained by the Company by burning of raw cotton and damage caused to the godown buildings in a fire incident occurred during the year. The company has filed a suit in the Insurance Tribunal, Lahore against the insurance company for the expedite recovery of the insurance claim, and the case is in the process of initial proceedings. The managements expects an earlier settlement / recovery of insurance claim.

Note 24
Cash and Bank Balances

	2009 Rupees	2008 Rupees
In hand	492,573	522,757
With banks in Current accounts	641,256	3,760,242
	1,133,828	4,282,999

Note 25
Sales - Net

	2009 Rupees	2008 Rupees
Yarn	774,652,665	662,591,975
Viscose	442,500	-
Wastes	2,931,176	2,572,549
	778,026,341	665,164,524
Less : Commission on sales	(1,953,261)	(1,856,840)
	776,073,080	663,307,684

Note 26
Cost of Sales

		2009 Rupees	2008 Rupees
Opening stock			
- Finished goods		3,866,879	10,362,255
- Wastes		73,258	86,279
		3,940,137	10,448,534
Add: Cost of goods manufactured	**(Note 26.1)**	785,429,749	659,126,955
		789,369,886	669,575,489
Closing stock			
- Finished goods		(7,149,616)	(3,866,879)
- Wastes		(43,930)	(73,258)
		(7,193,546)	(3,940,137)
		782,176,340	665,635,352

26.1 Cost of goods manufactured

		2009 Rupees	2008 Rupees
Opening stock - raw materials		68,092,670	40,136,723
Purchases		646,979,492	538,201,358
		715,072,162	578,338,081
Closing stock - raw materials		(11,735,584)	(68,092,670)
Raw material stock destroyed by fire	**(Note 26.2)**	(105,159,600)	-
Raw materials consumed		598,176,978	510,245,411
Salaries, wages and benefits	**(Note 26.3)**	77,813,225	60,416,338
Stores consumed		10,466,076	7,256,948
Oil and lubricants		1,232,127	955,977
Repairs and maintenance		15,899,526	14,620,393
Power and fuel		54,265,155	48,019,763
Carriage inward		276,614	863,668
Cotton and textile cess		127,850	127,788
Insurance		2,394,841	2,869,150
Depreciation	**(Note 16.2)**	22,420,917	18,233,513
		783,073,310	663,608,949
Work in process			
- Opening		14,663,225	10,181,231
- Closing		(12,306,786)	(14,663,225)
		2,356,439	(4,481,994)
		785,429,750	659,126,955

26.2 The cost of damage of the stock of raw cotton destroyed in the fire incident has been recorded at replacement values.

26.3 Salaries and wages include Rs.1.185 million (June 30, 2008: Rs. 0.746 million) on account of staff retirement benefits.

Note 27
Distribution Costs

	2009 Rupees	2008 Rupees
Freight and handling	209,012	-
Packing	5,741,466	4,725,713
Selling and distribution	133,418	204,251
	6,083,896	4,929,964

Note 28
Administrative Expenses

		2009 Rupees	2008 Rupees
Salaries, allowances and benefits		5,927,942	5,162,198
Traveling and conveyance		531,090	501,328
Printing and stationery		295,628	311,351
Entertainment		401,857	396,811
Repairs and maintenance		925,154	889,686
Vehicle running and maintenance		1,175,815	1,512,743
Rent, rates and taxes		90,000	120,000
Fees and subscription		283,424	207,434
Newspapers and periodicals		6,869	8,255
Telephone and postage		777,712	573,442
Insurance		78,055	-
Legal and professional charges		279,007	278,412
Gardening		8,400	24,300
Utilities		822,211	266,787
Miscellaneous		857,366	605,606
Depreciation	**(Note 16.2)**	192,531	240,047
		12,653,061	11,098,400

Note 29
Finance Cost

	2009 Rupees	2008 Rupees
Mark-up finance cost on:		
- Long term financing	12,939,664	2,620,509
- Liabilities against assets subject to finance lease	521,286	-
- Short term finances	19,258,453	10,033,914
	32,719,403	12,654,423
Bank and other charges	2,299,508	2,348,912
	35,018,911	15,003,335

Note 30
Other Operating Charges

	2009 Rupees	2008 Rupees
Auditors' remuneration:		
- Audit fee	250,000	210,000
- Limited scope review	50,000	50,000
- Other attestation services	-	40,000
	300,000	300,000
Donations	86,932	224,400
Deficit on valuation of long term investments	1,113	1,750
Exchange loss on matured letter of credit for BMR	18,781,159	9,931,234
	19,169,204	10,457,384

30.1 None of the directors or their spouses have any interest in the donees.

Note 31
Other Operating Income

	2009 Rupees	2008 Rupees
Income from financial assets		
Profit on bank deposits	-	51,781
Profit on disposal of short term investment	-	309,200
	-	360,981
Income from non-financial assets		
Gain on disposal of property, plant and equipment	-	267,393
	-	628,374

Note 32
Provision for Taxation

	2009 Rupees	2008 Rupees
Current	-	3,325,823
Deferred	5,140,528	(1,571,230)
	5,140,528	1,754,593

32.1 Numerical tax reconciliation has not been given due to tax losses during the year.

Note 33
Earnings Per Share - Basic

		2009	2008
Net loss after taxation attributable to ordinary shareholders	**Rupees**	(84,168,860)	(44,942,970)
Weighted average number of ordinary shares	**No. of shares**	13,750,000	13,750,000
Earnings per share - Basic	**Rupees**	(6.12)	(3.27)

33.1 Diluted earnings per share

As on date of issue of these financial statements, there are no potential shares that would cause any dilution of the earnings per share. Thus, the diluted earnings per share is the same as basic earnings per share.

Note 34
Transactions with Related Parties

	2009 Rupees	2008 Rupees
The related parties comprise associated undertakings, directors, key management personnel and other entities through directorship of close family members of the directors of the Company. Transactions with related parties undertaken during the year are as follows:		
Loans from directors and related persons	5,990,000	4,950,000
Sale of short term investment	-	5,279,200

Note 35
Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the financial statements for remuneration and allowances to the chief executive and two directors of the Company are as follows:

	2009		2008	
	Rupees	Rupees	Rupees	Rupees
Managerial remuneration and allowances	Chief Executive	Directors	Chief Executive	Directors
- Remuneration	482,400	1,856,436	482,400	1,856,436
- Housing allowance	237,600	914,364	237,600	914,364
	720,000	2,770,800	720,000	2,770,800
Number of persons	1	4	1	4

35.1 The chief executive and two directors are provided with Company maintained cars.

35.2 No meeting fee has been paid to any director during the year except an amount of Rs. 2,500 per meeting that has been paid to Nominee Director.

35.3 None of the officers of the Company draw basic salary above Rupees five hundred thousand per year and therefore, no employee qualifies as an executive.

Note 36
Segment Information

The entire revenue and expenses of the Company arises from manufacturing and sales of yarn. There are no reportable segments of the Company and, therefore, segment information has not been prepared.

Note 37
Financial Instruments and Related Disclosures

37.1 Financial assets and liabilities

Financial assets and liabilities of the Company are as follows:

	2009						
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	Total
				Rupees			
Financial assets							
Long term investments	-	-	-	-	2,387	2,387	2,387
Long term deposits	-	-	-	-	3,550,693	3,550,693	3,550,693
Trade debts	-	-	-	4,963,697	-	4,963,697	4,963,697
Cash and bank balances	-	-	-	1,133,828	-	1,133,828	1,133,828
	-	-	-	6,097,525	3,553,080	9,650,605	9,650,605
Financial liabilities							
Long-term financing and loan from related parties	4,895,569	139,224,212	144,119,781	-	321,649,399	321,649,399	465,769,180
Liabilities against assets subject to finance lease	1,412,565	10,011,684	11,424,249	-	-	-	11,424,249
Trade and other payables	-	-	-	146,302,010	-	146,302,010	146,302,010
Markup accrued on long term financing and short term borrowings and finance leases	-	-	-	27,545,837	-	27,545,837	27,545,837
Short term borrowings	124,998,500	-	124,998,500	4,075,915	-	4,075,915	129,074,415
	131,306,634	149,235,896	280,542,530	177,923,763	321,649,399	499,573,161	780,115,691

	2008						
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	Total
				Rupees			
Financial assets							
Long term investments	-	-	-	-	3,500	3,500	3,500
Long term deposits	-	-	-	-	2,406,193	2,406,193	2,406,193
Trade debts	-	-	-	6,311,479	-	6,311,479	6,311,479
Cash and bank balances	-	-	-	4,282,999	-	4,282,999	4,282,999
	-	-	-	10,594,478	2,409,693	13,004,171	13,004,171
Financial liabilities							
Long-term financing and loan from related parties	19,024,765	9,715,000	28,739,765	-	315,659,399	315,659,399	344,399,164
Liabilities against assets subject to finance lease	591,389	2,724,641	3,316,030	-	-	-	3,316,030
Trade and other payables	-	-	-	106,256,291	-	106,256,291	106,256,291
Markup accrued on long term financing and short term borrowings	-	-	-	4,244,197	-	4,244,197	4,244,197
Short term borrowings	74,478,253	-	74,478,253	12,032,524	-	12,032,524	86,510,777
	94,094,407	12,439,641	106,534,048	122,533,012	315,659,399	438,192,411	544,726,459

37.2 Risk management policies

37.2.1 Interest / mark up rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Company is exposed to interest rate risk in respect of long term financing and cash in deposit accounts. Effective interest rates for both financial assets and financial liabilities are mentioned in the respective notes to the accounts.

37.2.2 Concentration of credit risk and credit exposures of the financial statements

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs.9,615,555 (2008: 13,004,171) the financial assets which are subject to credit risk amount to Rs.8,517,890 (2008: 12,481,414). The Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the Company applies credit limits to its customers.

37.2.3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to sale and purchase transaction with foreign undertakings. The Company is not exposed to foreign currency risk as it does not have any payables or receivables in foreign currency.

37.2.4 Fair value of the financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximates to their fair values.

Note 38
Plant Capacity and Production

		2009	2008
Number of spindles Installed		31,880	31,880
Number of spindles worked		26,145	24,355
Actual production	Million Kgs	5.626	5.120
Actual production converted in 20/s	Million Kgs	11.625	9.997
Total number of working days		365	366
Number of shifts		3	3

38.1 It is difficult to calculate precisely the production capacity of the plant since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist, maintenance of machinery, power shutdown and raw materials used etc. It also varies according to the pattern of production adopted in any particular year.

Note 39
Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level, and regulate its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

As on the balance sheet date, the gearing ratio of the Company was as under:

	2009 Rupees	2008 Rupees
Total borrowings	606,267,844	435,331,314
Cash and bank balances	(1,133,828)	(4,282,999)
Net Debt	605,134,015	431,048,315
Equity	(240,191,828)	(159,704,745)
Total Capital	364,942,188	271,343,570
Gearing Ratio	166%	159%

Note 40
Authorization of Financial Statements

These accounts have been authorized for issue by the Board of Directors of the Company on October 08, 2009.

Note 41
General

- Figures have been rounded off to the nearest of rupees. The comparative figures, being previously presented as rounded off to the nearest thousand of rupees, have now been presented as rounded off to the nearest of rupees, in order to facilitate comparison with current year figures.
- Comparative figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. No material rearrangements / reclassifications have been made.

NOOR ELLAHI
Chief Executive

AHMED ELLAHI
Director

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTREN OF SHAREHOLDING

1. Incorporation Number **L-167 OF 1978-79**

2. Name of the Company **HAJRA TEXTILE MILLS LTD.**

3. Pattern of holding of the shares held by the shareholders as at **30-06-2009**

4. No. of Shareholders	-----Shareholding----- From	To	Total Shares Held
214	1	100	9714
176	101	500	48858
98	501	1000	77189
121	1001	5000	328544
23	5001	10000	152519
14	10001	15000	170791
5	15001	20000	97000
1	20001	25000	22000
3	25001	30000	80500
2	60001	65000	126000
1	85001	90000	89000
1	130001	135000	133900
1	515001	520000	518063
1	530001	535000	533649
1	1135001	1140000	1136227
2	2840001	2845000	5681136
1	4540001	4545000	4544910
665			**13750000**

5.	Categories of shareholders	Share held	Percentage
5.1	Directors, Chief Executive Officers, and their spouse and minor children	11,369,773	82.6893%
5.2	Associated Companies, undertakings and related parties.	-	0.0000%
5.3	NIT and ICP	1,071,412	7.7921%
5.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	15,725	0.1144%
5.5	Insurance Companies	1,000	0.0073%
5.6	Modarabas and Mutual Funds	149,000	1.0836%
5.7	General Public		
	a. Local	1,109,779	8.0711%
	b. Foreign		
5.8	Others (to be specified)	33,311	0.2423%
		13,750,000	100%
5.9	Share holders holding 10% or more	10,226,046	74.3712%

Joint Stock Companies

6.	Signature of Company Secretary	
7.	Name of Signatory	
8.	Designation	Company Secretary
9.	NIC Number	
10.	Date	30 | 06 | 20009

Categories of Share Holders as required under Code of Corporate Governance As on 30th June, 2009

S. No.	NAME	HOLDING	%AGE
	ASSOCIATED COMPANIES	0	0.0000%
	NIT & ICP		
1	INVESTMENT CORP. OF PAKISTAN	19,700	0.1433%
2	NATIONAL BANK OF PAKISTAN, TRUSTEE DEPT (CDC)	533,649	3.8811%
3	NATIONAL BANK OF PAKISTAN, TRUSTEE DEPT (CDC)	518,063	3.7677%
		1,071,412	7.7921%
	DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN		
1	MR. NOOR ELLAHI	4,544,910	33.0539%
2	MR. AHMED ELLAHI	2,840,568	20.6587%
3	MR. MUHAMMAD HASSAN ELLAHI	2,840,568	20.6587%
4	MR. SALMAN YAQUB SHEIKH	2,500	0.0182%
5	MR. MUHAMMAD SHAFIQUE BHATTI	2,500	0.0182%
6	RANA MUHAMMAD SAEED	2,500	0.0182%
7	MR. SHAHID AZIZ (NIT-Nominee)	-	-
8	MRS. RUKHSANA ELLAHI W/O NOOR ELLAHI	1,136,227	8.2635%
		11,369,773	82.6893%
	INSURANCE COMPANIES		
1	PREMIER INSURANCE CO. OF PAK LTD.	1,000	0.0073%
	BANKS, DEVELOPMENTS, FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS		
1	NATIONAL BANK OF PAKISTAN	2,100	0.0153%
2	CRESCENT INVESTMENT BANK LTD.	200	0.0015%
3	CRESCENT INVESTMENT BANK LTD.	100	0.0007%
4	ISLAMIC INVESTMENT BANK LTD.	700	0.0051%
5	ISLAMIC INVESTMENT BANK LTD. (CDC)	10,625	0.0773%
6	NATIONAL DEVELOPMENT FINANCE CORP.	2,000	0.0145%
		15,725	0.1144%
	MODARABA COMPANIES		
1	LONG TERM VENTURE CAPITAL MODARABA	133,900	0.9738%
2	FIRST SANAULLAH MODARABA	100	0.0007%
3	FIRST UDL MODARABA (CDC)	15,000	0.1091%
		149,000	1.0836%

JOINT STOCK COMPANIES

1	PAK-LIBYA HOLDING CO. (PVT) LTD.	20,000	0.1455%
2	SARFRAZ MAHMOOD (PVT) LTD.	37	0.0003%
3	DARSON SECURITIES LIMITED (CDC)	2,000	0.0145%
	DURVESH SECURITIES (PVT) LTD. (CDC)	5,000	0.0364%
4	TAURUS SECURITIES (PVT) LTD. (CDC)	500	0.0036%
6	TIME SECURITIES (PVT) LTD. (CDC)	274	0.0020%
7	Y.S SECURITIES & SERVICES (PVT) LTD. (CDC)	5,000	0.0364%
7	AZEE SECURITIES (PVT) LTD.	500	0.0036%
		33,311	0.2423%

SHARES HELD BY THE GENERAL PUBLIC	1,109,779	8.0711%
	13,750,000	100.0000%

SHARE HOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

S. No.	NAME	HOLDING	%AGE
1	MR. NOOR ELLAHI	4,544,910	33.0539%
2	MR. AHMED ELLAHI	2,840,568	20.6587%
3	MR. MUHAMMAD HASSAN ELLAHI	2,840,568	20.6587%
		10,226,046	74.3712%

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

NIL

HAJRA TEXTILE MILLS LIMITED

45-50 Industrial Area, Gulberg III, Lahore

THIRTIETH ANNUAL GENERAL MEETING

Registered Folio No.

FORM OF PROXY

IMPORTANT

Instrument of Proxy will not be considered as valid unless they are deposited or received at 45-50 Industrial Area, Gulbertg-III, Lahore not later than 48 hours before the time of holding the meeting

I/We____

of____

Member(s) of HAJRA TEXTILE MILLS LIMITED hereby appoint __________

____

as proxy to vote on my/our behalf at the 30th Annual General Meeting of the Company to be held on Saturday, October 31, 2009 at 10:30 A.M. and any time adjournment thereof.

Dated:______________

Signature

Affix Five Rupees Revenue Stamps

HAJRA TEXTILE MILLS LIMITED

45-50 Industrial Area, Gulberg III, Lahore

THIRTIETH ANNUAL GENERAL MEETING

Registered Folio No.

FORM OF PROXY

IMPORTANT

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Member(s) of HAJRA TEXTILE MILLS LIMITED hereby appoint ____________

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