AHMAD HASSAN
TEXTILE MILLS LIMITED

ah TEXTILES

The Twenty Eighth

Annual Report

2017

28th Annual Report

of

Ahmad Hassan Textile Mills Limited

for the year ended June 30, 2017

CONTENTS

VISION

To be a world class and leading organization continuously providing high quality textile products.

MISSION

To be a model diversified textile organization exceeding expectations of all stakeholders. We will achieve this by utilizing best blend of state-of-the-art technologies, excellent business processes, high performing people, and synergetic organizational culture.

CORE VALUES

Our success will not be a matter of chance but of commitment to the following enduring beliefs and values that are engrained in the way we think and take actions to pursue a climate of excellence:

Integrity & Ethics

Integrity, honesty and high ethical, legal & safe standards are corner stones of our business practices.

Quality

We pursue quality as a way of life. It is an attitude that affects everything we do for relentless pursuit of excellence. Our aim is:

To achieve and sustain good reputation in both domestic and international market by manufacturing quality yarn / fabric with organized training and implementation of quality system as per our valued customers needs to ensure the achievement of our aim.

Social Responsibility

We believe in respect for the community and preserving the environment for our future generations and keeping National interests paramount in all our action.

Learning & Innovations

We embrace lifelong learning and innovation as an essential catalyst for our future success. We believe in continuous improvement and to seize opportunities inherent in change to shape the future.

Team Work

We believe that competent and satisfied people are the company's heart, muscle and soul. We savours flashes of genius in organization's life by reinforcing attitude of teamwork and knowledge sharing based on mutual respect, trust and openness.

Empowerment

We flourish under and ecosystem of shared understanding founded on the concept of empowerment, accountability and open communication in all directions.

STRATEGIC PLAN

To achieve the above objectives, the Company has made strategic plans to enhance and upgrade its installed capacity over the next 10 years to maintain and expand its market. Further plans are to excel in social responsibilities by implementing related projects and community developments.

COMPANY PROFILE

BOARD OF DIRECTORS	
Chairman	Mian Muhammad Javed Anwar
Chief Executive Officer	Mian Muhammad Parvez
Directors	Mr. Muhammad Haris
	Mr. Muhammad Aurangzeb
	Mrs. Salma Javed
	Mr. Muhammad Jahanzeb
	Mr. Syed Raza Abbas Jaffari *(Rep. N.I.T)*
AUDIT COMMITTEE	
Chairman	Mr. Muhammad Jahanzeb
Members	Mrs. Salma Javed
	Mr. Muhammad Aurangzeb
HR & R COMMITTEE	
Chairman	Mr. Muhammad Jahanzeb
Members	Mrs. Salma Javed
	Mian Muhammad Parvez
CHIEF FINANCIAL OFFICER	Mr. Muhammad Naeem
HEAD OF INTERNAL AUDIT	Mr. Umair Zafar
COMPANY SECRETARY	Mr. Muhammad Naeem
AUDITORS	M/s PKF F.R.A.N.T.S Chartered Accountants
BANKERS	Bank Al-Habib Limited Allied Bank Limited United Bank Limited Bank Al-Falah Limited Habib Bank Limited Soneri Bank Limited Meezan Bank Limited National Bank of Pakistan
REGISTERED OFFICE	46 - Hassan Parwana Colony, Multan.
MILLS	M.M. Road, Chowk Sarwar Shaheed, Distt. Muzaffargarh.
SHARES REGISTRAR	M/s Vision Consulting Limited 3-C, LDA Flats, Lawarnce Road, Lahore.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of the Company will be held at its Registered Office, 46-Hassan Parwana Colony, Multan, on Saturday 28th October, 2017, at 10:00 A.M., to transact the following business.

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on 29th October, 2016.

2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' Reports for the year ended June 30, 2017.

3. To appoint Auditors of the Company for the financial year 2017-2018 and to fix their remuneration. The present Auditors Messrs. PKF F.R.A.N.T.S, Chartered Accountants, retire and being eligible offered themselves for re-appointment.

4. To elect Eight (8) Directors of the Company as fixed by the Board, for a term of three years, in accordance with the provision of Section 159(1) of the Companies Act 2017. The retiring Directors are:

   (i) Mian Muhammad Javed Anwar
   (ii) Mian Muhammad Parvez
   (iii) Mrs. Salma Javed
   (iv) Mr. Muhammad Haris
   (v) Mr. Muhammad Aurangzeb
   (vi) Mr. Muhammad Jahanzeb
   (vii) Mr. Syed Raza Abbas Jaffari(Nominee NIT).

Other Business

5. To consider any other matter with the permission of the Chair.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-
(Sheikh Muhammad Naeem)
Company Secretary

Multan:
Dated : 05.10.2017

NOTES:

I. The Share Transfer Books of the Company will remain closed from 21st October, 2017 to 28th October, 2017 (both days inclusive).

II. A Member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. Proxy forms duly completed should reach the Registered Office of the Company at least 48 hours before the time of the meeting.

III. Any individual Beneficial Owners of CDC, entitled to attend and vote at this meeting, must bring his/her CNIC or Passport to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or passport. Representatives of Corporate members should bring the usual documents required for such purpose.

IV. Members are requested to provide copy of their valid CNIC's and also notify any changes in their addresses to Share Registrar.

V. Any member seeking to contest the election of Directors shall file with the Company at its registered office, not later than fourteen (14) days before the above said meeting, his/her intention to offer himself/herself for the election of the Directors in terms of Section 159(3) of the Companies Act 2017 together with:

a) Consent to act as Director as required Companies Act 2017.
b) Declaration in respect of being compliant with requirement of the Code of Corporate Governance and the eligibility criteria as set out in the Companies Act 2017 to act as Director of a listed Company: and
c) Detailed profile.

VI. **Video Conference Facility:** Pursuant under Section 132 (2) of the Companies Act,2017, members of the company may also attend and participate in the AGM through video conference facility. If members residing in the vicinity, collectively holding 10% or more shareholding, may demand in writing, to participate in the AGM through video conference (as per the format appended below) at least seven (7) days prior to the date of AGM.

After receiving the consent of members having 10% or more shareholding in aggregate, the company will intimate members regarding venue of video conference facility at least five (5) days before the date of AGM.

1/we , __________ of _____________, being a member of Ahmad Hassan Textile Mills Limited, holders of ____________ ordinary share(s) as per CDC participant ID & sub-account No. ______________ hereby opt for video conference facility at ____________.

VII. **E-Dividend:** Pursuant to Section 242 of the Companies Act, 2017, the listed companies have been mandated to pay dividend only by way of electronic mode, directly into the bank accounts to entitled members designated by them.

In order to receive dividends directly into their bank account, members are requested to provide details of the bank mandate specifying:

a. Title of Account
b. Account Number
c. Bank Name:
d. Branch name and code
e. IBAN number

Please send it duly signed along with copy of CNIC/NTN to the registrar of the company M/s Vision Consulting Ltd, in case of physical shares and in case shares are held in CDC then Electronics Mandate Form must be submitted directly to shareholder's broker/participant/CDC account service.

VIII. Members who opt to receive the hard copies of Annual Audited Financial Statements instead of sending the same through CD / DVD / USB at their registered addresses may apply to Company Secretary at his postal or email address.

DIRECTORS' REPORT

In the name of Allah the Most Beneficent and the Merciful

Dear Shareholders

Yours Directors are pleased to present before you, the 28th Annual Report on the affairs of your Company and Financial Results for the year ended June 30, 2017 together with the Directors Report and Auditors Report thereon;

SUMMARIZED FINANCIAL RESULTS:

	2017	2016
	(Rupees)	(Rupees)
Sales-Net	**4,055,872,650**	3,455,552,012
Gross Profit	**246,102,733**	247,657,586
Loss after taxation	**(3,448,593)**	(18,117,960)
G.P Ratio	**6.07%**	7.17%
Loss Per Share	**(0.24)**	(1.26)

REVIEW OF OPERATIONS:

Financial year ended June 30, 2017 was the one of the toughest year for the textile industry. Expensive cotton along with low demand created a difficult scenario for textile industry. International market always remains a main source of profit generation but in current year our direct export is decreased almost 12% as compared to year ended June 2016 which resulted in reduction in GP ratio. Our Cost of sales increased by 19%, other operating income increased by 750% due to booking of Duty Drawback of taxes on export sales as per federal government scheme, admin and financial charges also increased up to 17% and 13 % respectively while distribution cost decreased by 10% in current year as compared to last year ended June 30, 2016. Secondly, our large amount of working capital is also stuck up in shape of tax due from government.

Beside of all above mentioned factors, your directors are still keen to focus on further BMR in all segments by replacing old looms with high speed energy efficient looms, addition of spindles, installation of boiler and heavy capacity generators in order to control the production cost even in such a challenging environment of the whole textile industry. An overview of key operating performance and other data for last six years is annexed to the annual report.

BOARD MEETINGS AND ATTENDANCE BY DIRECTOR:

Total meetings held during the year	**Board meeting**	**Audit Committee meeting**	**HR & R Committee meeting**
	5	**5**	**2**
Attended By:			
Mian Muhammad Javed Anwar	5	-	-
Mian Muhammad Parvez	5	-	2
Mrs. Salma Javed	5	5	2
Mr. Muhammad Haris	5	-	-
Mr. Muhammad Jahanzeb	5	5	2
Mr. Muhammad Aurangzeb	5	5	-
Mr. Raza Abbas Jaffari (Nominee N.I.T)	3	-	-

DIRECTOR TRAINING PROGRAM

Three directors of the Company are exempted from the Directors Training Program on the basis of their level of education and length of experience as provided in the CCG. One director has obtained the certificate after successfully completion of director training program organized by 'Pakistan Institute of Corporate Governance' (PICG). The Company will arrange training program of other directors as provided under CCG requirement.

FUTURE OUTLOOK

The severe conditions in Pakistan's spinning and weaving sectors are expected to continue unless government re considers his own policies by reduction in power tariff, removal of GIDC, timely refund of taxes and continue of export re finance scheme. We expect similar issues will also create challenges for us in next financial year. However, we hope that management of the Company will able to convert these challenges into profitable opportunities by employing innovative ideas, urge to identification of new markets, expanding more money on replacement of machinery, enhancement of production capacity and utilization of cheap energy sources to reduce its manufacturing cost.

CORPORATE GOVERNANCE

The directors of your company state further that:

1- The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2- Proper books of account of the listed company have been maintained.

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

4- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.

5- The system of internal control is sound in design and has been effectively implemented and monitored.

6- There are no significant doubts upon the listed company's ability to continue as a going concern.

7- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Compliance report of corporate governance is attached.

AUDITORS

M/s PKF F.R.A.N.T.S. Chartered Accountants, being eligible and offering themselves for re-appointment, are recommended for re-appointment as Auditors of the Company for a term of one year as suggested by the Audit Committee.

CORPORATE SOCIAL RESPONSIBILITY

Your directors are fully aware of the corporate social responsibility and always keep working on betterment of environment. Therefore, various health and educational projects are supported by the directors of the Company.

PATTERN OF SHAREHOLDING

Pattern of holding of shares by the shareholders of the Company as on June 30, 2017 is enclosed.

DIVIDEND

In view of the company's loss for the year, the directors have recommended no dividend declaration / payout for the year and previous year.

ACKNOWLEDGMENT

Your Directors place on record their deep appreciation for the efforts made by the workers and staff of the Company for their deep devotion to their work. Your Directors would also like to express their thanks to the Shareholders and Financial Institutions, specially Bank Al Habib Ltd, National Bank, Soneri Bank Ltd, Allied Bank Ltd, Bank Al Falah Ltd and United Bank Ltd for their support and assistance.

On behalf of the Board of Directors

Chief executive Director

Multan

Dated: October 04, 2017

ڈائریکٹرز رپورٹ

شروع اللہ کے نام سے جو بڑا مہربان نہایت رحم کرنے والا ہے

محترم حصص داران!

آپ کے ڈائریکٹرز آپ کے سامنے کمپنی کے مالیاتی نتائج کی 28 ویں سالانہ رپورٹ 30 جون، 2017 کو ختم ہونے والے سال کے ساتھ ڈائریکٹرز کی رپورٹ اور آڈیٹر کی رپورٹ کے ساتھ حاضر ہیں۔

مالیاتی نتائج کا خلاصہ:

	2017 روپے	2016 روپے
نیٹ سیلز	4,055,872,650	3,455,552,012
کل منافع	246,102,733	247,657,586
ٹیکس کے بعد نقصان	(3,448,593)	(18,117,960)
جی پی تناسب	6.07%	7.17%
پر حصص نقصان	(0.24)	(1.26)

آپریشنز کا جائزہ:

ٹیکسٹائل انڈسٹری کے لئے مالی سال 30 جون، 2017 تک ختم ہونے والا سب سے مشکل سال تھا۔ مہنگی کپاس کے ساتھ کم مانگ نے ٹیکسٹائل کی صنعت کے لئے ایک مشکل منظرنامہ بنایا۔ بین الاقوامی مارکیٹ ہمیشہ منافع کی پیداوار کا ایک اہم ذریعہ بنتا ہے لیکن موجودہ سال میں جون 2016 تک ختم ہونے والے سال کے مقابلے میں ہماری براہ راست برآمد تقریباً 12 فیصد کم ہوگئی ہے جس کے نتیجے میں جی پی تناسب میں کمی آئی ہے۔ پیداواری لاگت کی قیمت میں 19 فیصد اضافہ ہوا ہے، وفاقی حکومت کی ٹیکس ڈیوٹی ڈرابیک سکیم کی وجہ سے ہماری دوسرے ذرائع سے آمدنی 750 فی صد بڑھ گئی ہے۔

انتظامی اور مالیاتی اخراجات میں بالترتیب 17 فیصد اور 13 فیصد اضافہ ہوا ہے۔ ڈسٹری بیوشن کاسٹ میں گزشتہ 30 جون، 2016 کو ختم ہونے والے گزشتہ سال کے مقابلے میں موجودہ سال میں 10 فیصد کمی آئی۔ دوسرے ہمارے ورکنگ کیپیٹل کا بڑا حصہ گورنمنٹ ٹیکسز کی مد میں واجب الادا ہے۔

مندرجہ بالاعوامل کےعلاوہ، آپ کے ڈائرکٹراب بھی تمام حصوں میں بی ایم آر پرتوجہ مرکوز کرنے کے خواہاں ہیں، پیداوار کی لاگت کوکنٹرول کرنے کے لیے پرانے تیز رفتار توانائی کی موثر نئی ہائی پاور لومز، سپنڈلز کے علاوہ، بوائلر اور بھاری صلاحیت جنریٹر کی تنصیب شامل ہے۔گزشتہ چھ سالوں کے لئے کلیدی آپریٹنگ کارکردگی اور دیگر اعداد وشمار کا جائزہ کل سالانہ رپورٹ میں شامل ہے۔

بورڈ میٹنگ اورڈائریکٹرز کی حاضریاں

تمام میٹنگز جواس سال کے دوران ہوئیں	بورڈ میٹنگ	آڈٹ کمیٹی میٹنگ	ایچ آر اور آر کمیٹی میٹنگ
	5	**5**	**2**
حاضری			
میاں محمد جاوید انور	5	-	-
میاں محمد پرویز	5	-	2
مسز۔ سلمٰی جاوید	5	5	2
مسٹر محمد حارث	5	-	-
مسٹر محمد جہانزیب	5	5	2
مسٹر محمد اورنگزیب	5	5	-
مسٹر رضا عباس جعفری (نومینی N.I.T)	3	-	-

ڈائریکٹرٹریننگ پروگرام

کمپنی کے تین ڈائریکٹرزسی سی جی میں فراہم کردہ تعلیم اور تجربے کی حد کی بنیاد پرڈائریکٹرزٹریننگ پروگرام سے مستثنٰی ہیں۔ایک ڈائریکٹر نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورنینس (پی آئی سی جی) کی طرف سے منظّم ڈائریکٹرٹریننگ پروگرام کو کامیابی سے مکمل کرنے کے بعد سرٹیفکیشن حاصل کیا ہے۔کمپنی سی سی جی کی ضروریات کے تحت دیگر ڈائریکٹرز کے تربیتی پروگرام کا انتظام کرے گی۔

مستقبل کا نکتہ نظر

پاکستان کے دھاگہ بنانے والے اور کپڑا بنانے والے شعبوں میں سخت شرائط توقع کی جاتی ہے جب تک حکومت بجلی کی ٹیرف میں کمی، جی آئی ڈی سی کو ختم کرنے، ٹیکس کے بروقت واپسی اور ایکسپورٹ دوبارہ فنانس اسکیم جاری رکھنے کے ذریعہ حکومت جب تک ان تمام چیزون کمی نہ کرے گی ہمیں مشکلات کا

سامنا ہے۔ہم امید رکھتے ہیں کہ اگلے مالی سال میں اسی طرح کے مسائل بھی ہمارے لئے چیلنج بنائے جائیں گے۔تاہم ہم امید رکھتے ہیں کہ کمپنی کا انتظام ان چیلنجوں کو جدید نظریات کو ملا کر اپنے منافع بخش مواقع میں تبدیل کرے گا، نئے مارکیٹوں کی شناخت کرنے کی کوشش کریں گے، پرانی مشینری کی جگہ جدید مشینری لانے پر زیادہ پیسہ لگا کر، پیداوار کی صلاحیت کو بڑھا کر اور سستے توانائی کے ذرائع کے استعمال کر کے اس کی پیداواری کی قیمت کو کم کرنے کوشش کریں گے۔

کارپوریٹ گورننس

آپ کی کمپنی کا ڈائریکٹر مزید کہا کہ:

1۔ مالیاتی بیانات، کمپنی کے انتظام کی طرف سے تیار، اس کے معاملات میں منصفانہ معاملات، اس کے آپریشن کا نتیجہ، نقد بہاؤ اور مساوات میں تبدیلی بیان کی ہے۔

2۔ درج بالا کمپنی نے اکاؤنٹس کو اعلیٰ سطح پر برقرار رکھا ہے۔

3۔ مناسب اکاؤنٹنگ کی پالیسیوں کو مسلسل مالی بیانات کی تیاری میں لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ مناسب اور پرکشش فیصلے پرمبنی ہے۔

4۔ بین الاقوامی مالیاتی رپورٹنگ معیار، جیسا کہ پاکستان میں قابل اطلاق ہے، مالیاتی بیانات کی تیاری میں اور اس کے بعد کسی روانگی سے مناسب طور پر افشا اور وضاحت کی گئی ہے۔

5۔ اندرونی کنٹرول کا نظام بہت مضبوط ہے اور اسے مؤثر طریقے سے لاگو کیا جا سکتا ہے۔

6۔ تشویش کے طور پر درج بالا کمپنی کی صلاحیت پر کوئی اہم شک نہیں ہے۔

7۔ کارپوریٹ حکومتی اداروں کے بہترین طریقوں سے فہرست سازی کے قواعد وضوابط میں کوئی چیز کی کمی نہیں ہے۔

کارپوریٹ گورنمنٹ کے تعمیل کی رپورٹ منسلک ہے۔

آڈیٹر

M/s PKF F.R.A.N.T.S چارٹرڈ اکاؤنٹس، دوبارہ منتخب کے لئے خود کو پیشکش کرتے ہیں۔آڈٹ کمیٹی نے بھی اس کو دوبارہ کمپنی میں آڈیٹر کے طور پر ایک سال کی مدت کے لیے تجویز کی ہے۔

کارپوریٹ سماجی ذمہ داری

آپ کے ڈائریکٹر کارپوریٹ سماجی ذمہ داری سے مکمل طور پر واقف ہیں اور ہمیشہ ماحول کی بہتری پر کام کرتے رہیں گے۔لہٰذا، کمپنی کے ڈائریکٹر کی طرف سے مختلف صحت اور تعلیمی منصوبوں کی حمایت کی جاتی ہے۔

حصص کے طریقہ کار

30 جون، 2017 کو کمپنی کے حصص داروں کی طرف سے حصص کی انعقاد کا اندازہ منسلک ہے۔

ڈیوی ڈینڈ

سال کے لئے کمپنی کے نقصان کے نقطہ نظر میں، ڈائریکٹرز نے اس سال اور پچھلے سال کے لئے کوئی ڈیوی ڈینڈ اعلان/ادائیگی کی سفارش نہ کی ہے۔

منظوری

آپ کے ڈائریکٹروں نے کمپنی کے کارکنوں اور عملے کی طرف سے کی گئی کوششوں کے لئے ان کی تہہ دل کی گہرائیوں سے تعریف کی ہے۔آپ کے ڈائریکٹران کے تعاون اور مدد کے لئے حصص دار اور مالیاتی اداروں، خاص طور پر بینک الحبیب لمیٹڈ، نیشنل بینک، سونیری بینک لمیٹڈ، الائیڈ بینک، بینک الفلاح لمیٹڈ اور یونائیٹڈ بینک لمیٹڈ، کے تعاون اور رہنمائی کا شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے

چیف ایگزیکٹو

ڈائریکٹر

ملتان

تاریخ 04 اکتوبر 2017

Six Years Growth at Glance (2012-2017)

Particulars	2012	2013	2014	2015	2016	2017
OPERATIONAL PERFORMANCE:						
Weaving						
Number of Looms Installed	130	130	136	150	163	191
Number of Looms Worked	130	130	136	150	163	163
Installed Capacity after conversion into 60 picks Sq. Meter (000)	41,538	41,538	43,455	46,011	50,000	51,000
Actual Production after conversion into 60 picks Sq. Meter (000)	34,850	35,244	34,914	37,664	43,163	44,437
Spinning						
Number of Spindles Installed	20,760	20,760	22,872	24,984	24,984	24,984
Number of Spindles Worked	20,760	20,760	22,872	24,984	24,984	24,984
No. of Shifts Worked	1,095	1,095	1,095	1,095	1,098	1,095
Installed Capacity (after conversion into 20/s count) (1095 shifts) KGS (000)	7,821	7,821	8,205	8,771	8,951	8,880
Actual yarn Production (after con. 20/s count) KGS (000)	7,442	6,993	6,900	7,075	8,476	8,628
PROFIT AND LOSS:						
Net Sales Rs. (000)	3,376,915	4,015,813	3,977,310	3,248,868	3,455,552	4,055,873
Cost of Sales Rs. (000)	2,951,995	3,568,467	3,604,975	3,039,521	3,207,894	3,809,770
Gross Profit Rs. (000)	424,920	447,346	372,335	209,347	247,658	246,103
Operating ProfitRs. (000)	284,667	268,016	186,178	35,862	116,912	132,039
Profit /(loss) before Tax Rs. (000)	167,614	182,259	81,624	(70,471)	8,707	9,565
Profit /(loss) after Tax Rs. (000)	96,222	143,998	96,096	(19,975)	(18,118)	(3,449)
BALANCE SHEET:						
Share Capital and Reserves Rs. (000)						
Shareholders Equity Rs. (000)	1,090,349	1,860,753	1,870,180	1,850,205	1,916,322	1,912,873
Property Plant & Equipment Rs. (000)	1,612,312	2,336,860	2,494,300	2,665,839	2,580,090	2,710,351
CurrentAssets Rs. (000)	899,568	905,757	1,100,794	961,355	1,054,581	1,394,197
Current Liabilities Rs.(000)	916,144	899,726	1,100,711	1,061,290	1,169,086	1,505,189
Long Term Liabilities Rs. (000)	358,635	331,086	663,367	755,943	589,268	698,568
INVESTOR INFORMATION:						
Per Share (Rs.)						
Cash Dividend	12.50%	15.00%	-	-	-	-
Earning/(Loss) Per Share	6.68	9.99	6.67	(1.39)	(1.26)	(0.24)
FINANCIAL RATIOS:						
Gross Profit Ratio (%age)	12.58	11.14	9.36	6.44	7.17	6.07
Net Profit Ratio (%age)	3.47	3.59	2.42	(0.61)	(0.52)	(0.09)
Inventory Turnover (times)	6.00	6.66	5.71	5.62	5.32	4.94
Fixed Assets Turnover (times)	2.04	1.53	1.63	1.22	1.34	1.50
Total Assets Turnover (times)	1.32	1.09	1.09	0.89	0.94	0.99
Return on Capital Employed (%age)	0.18	0.10	0.07	0.01	0.05	0.05
Leverage Ratio	1.53	1.15	1.40	1.50	1.56	1.84
Current Ratio	0.98	1.01	1.01	0.91	0.90	0.93
Interest Coverage Ratio (times)	2.43	3.13	1.78	0.34	1.08	1.08

Statement of Compliance with the Code of Corporate Governance

Name of the Company: Ahmad Hassan Textile Mills Limited

Year ended: June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors (the Board). However, none of the directors on the Board represents minority. At present the Board includes:

Executive Directors	Mr. Mian Muhammad Pervez Mr. Muhammad Haris
Non-Executive Director	Mr. Mian Muhammad Javed Anwar Mr. Muhammad Aurangzeb Mrs. Salma Javed Mr. Muhammad Jahanzeb Mr. Syed Raza Abbas Jaffari (Rep. N.I.T)

   The Board is contemplating with respect to representation of an independent director in compliance with clause 1(b) of the CCG.

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 taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year ended June 30, 2017.
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 besides being placed on the Company's website.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive (CE), other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the Board were presided over by the Chairman and the Board met5 times during the year ended June 30, 2017, including once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Three out of seven directors of the Company are exempted from directors training program on the basis of their level of education and length of experience as provided in CCG. One director has already attended the Director's

Training Program. The Company will arrange training program of other directors as provided under CCG requirement.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG applicable as on June 30, 2017 and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has already formed an Audit Committee. It comprises of three (3) members, all of whom are non-executive directors. However, none of them is an independent director. The chairman is a non-executive director.

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 and as required by the CCG. Terms of references of the committee have been formed and advised to the committee for compliance.

17. The Board has already formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors. The chairman of the Committee is a non-executive director.

18. The Board has set up an effective internal audit function whose staff members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), 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 code of ethics as adopted by the ICAP.

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 securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with except those disclosed above, towards which reasonable progress is being made by the Company to seek compliance by the next election of directors.

Chief Executive Director

October 04, 2017

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE 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 Ahmad Hassan Textile Mills Limited (the Company) for the year ended June 30, 2017 to comply with the Code contained in regulation no. 5.19 of the Rule book of the Pakistan Stock Exchange Limited.

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 control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board 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 requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out 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 June 30, 2017.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraphs where these are stated in the Statement of Compliance:

Sr.	Paragraph reference	Description	Relevant Section of PSX rule book
i)	1	No independent director has been appointed.	5.19.1 (b)
ii)	15	Audit Committee comprises of three non -executive directors which do not include an Independent director.	5.19.16

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PKF F.R.A.N.T.S.
Chartered Accountants
Dated: October 04, 2017
Lahore

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Ahmad Hassan Textile Mills Limited (the Company) as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

A) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

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

C) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with 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 June 30, 2017 and of the loss, total comprehensive loss, 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).

PKF F.R.A.N.T.S.,
Chartered Accountants
Engagement Partner: Nouman Razaq Khan
October04, 2017
Lahore

BALANCE SHEET
AS AT JUNE 30, 2017

	Notes	2017 Rupees	2016 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**2,710,350,518**	2,580,089,602
Intangible assets	6	**694,753**	720,000
Long term deposits	7	**11,387,897**	39,284,610
		2,722,433,168	2,620,094,212
CURRENT ASSETS			
Stores, spare parts and loose tools	8	**40,899,561**	43,324,716
Stock-in-trade	9	**894,459,689**	649,312,126
Trade debts	10	**251,116,288**	179,055,558
Loans and advances	11	**46,772,913**	70,278,765
Due from Government	12	**151,474,018**	99,368,227
Other receivables	13	**4,339,994**	6,984,828
Short term investments	14	**105,225**	953,299
Cash and bank balances	15	**5,029,403**	5,303,546
		1,394,197,091	1,054,581,065
TOTAL ASSETS		**4,116,630,259**	3,674,675,277
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	16	**200,000,000**	200,000,000
Issued, subscribed and paid up share capital	16	**144,082,488**	144,082,488
Capital reserve	17	**32,746,284**	32,746,284
Revenue reserve - unappropriated profit		**825,574,086**	795,228,419
		1,002,402,858	972,057,191
Surplus on revaluation of property, plant and equipment	18	**805,470,486**	839,264,746
Subordinated loans	19	**105,000,000**	105,000,000
NON-CURRENT LIABILITIES			
Long term loans and financing	20	**508,658,848**	390,301,180
Liabilities against assets subject to finance lease	21	**752,206**	-
Deferred taxation	22	**189,156,824**	198,966,471
		698,567,878	589,267,651
CURRENT LIABILITIES			
Trade and other payables	23	**226,255,900**	101,712,315
Short term finances under markup arrangements and other credit facilities	24	**1,096,488,016**	888,393,138
Current portion of non-current liabilities	25	**131,152,553**	129,356,390
Accrued finance cost	26	**28,506,677**	25,716,646
Provision for taxation	27	**22,785,891**	23,907,200
		1,505,189,037	1,169,085,689
TOTAL LIABILITIES		**2,203,756,915**	1,758,353,340
CONTINGENCIES AND COMMITMENTS	28		
TOTAL EQUITY AND LIABILITIES		**4,116,630,259**	3,674,675,277

The annexed notes from 1 to 50 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Muhammad Pervez	Muhammad Haris	Sh. Muhammad Naeem
Chief Executive Officer	Director	Chief Financial Officer

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Notes	2017 Rupees	2016 Rupees
Sales - net	29	**4,055,872,650**	3,455,552,012
Cost of sales	30	**(3,809,769,917)**	(3,207,894,426)
Gross profit		**246,102,733**	247,657,586
Other income	31	**20,721,297**	2,437,529
Profit on trading	32	**78,876**	1,604,206
Distribution cost	33	**(76,470,691)**	(84,418,909)
Administrative expenses	34	**(57,804,478)**	(49,310,405)
Other operating expenses	35	**(588,244)**	(1,058,409)
		(114,063,240)	(130,745,988)
Profit before finance cost		**132,039,493**	116,911,598
Finance cost	36	**(122,474,067)**	(108,204,906)
Profit before taxation		**9,565,426**	8,706,692
Taxation	37	**(13,014,019)**	(26,824,652)
Loss after taxation for the year		**(3,448,593)**	(18,117,960)
Loss per share - basic and diluted	38	**(0.24)**	(1.26)

The annexed notes from 1 to 50 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Muhammad Pervez	Muhammad Haris	Sh. Muhammad Naeem
Chief Executive Officer	Director	Chief Financial Officer

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

	2017	2016
	Rupees	Rupees
Loss after taxation for the year	**(3,448,593)**	(18,117,960)
Other comprehensive income for the year	**-**	-
Total comprehensive loss for the year	**(3,448,593)**	(18,117,960)

The annexed notes from 1 to 50 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Muhammad Pervez	Muhammad Haris	Sh. Muhammad Naeem
Chief Executive Officer	Director	Chief Financial Officer

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Notes	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	**39**	**44,398,432**	130,617,575
Income tax paid		**(24,916,961)**	(21,757,471)
Finance cost paid		**(119,673,063)**	(106,871,382)
Long term deposits received back - net		**27,896,713**	-
Mark-up on security deposit with SNGPL		**1,729,676**	1,729,676
Duty Drawback of taxes on export sales received		**2,315,448**	-
Paid to Workers' Profit Participation Fund	**23.2**	**(469,220)**	-
		(113,117,407)	(126,899,177)
Net cash (used in) / generated from operating activities		**(68,718,975)**	3,718,398
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(260,812,366)**	(93,097,870)
Purchase of computer software		**(230,092)**	-
Short term investments realized		**910,530**	3,749,437
Dividend income		**9,204**	305,404
Net cash used in investing activities		**(260,122,724)**	(89,043,029)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained		**248,479,853**	77,547,374
Repayment of long term finances		**(128,606,044)**	(121,427,396)
Repayment of principal portion of finance lease		**(21,772)**	-
Short term finances - net		**237,002,690**	110,664,356
Unclaimed dividend paid		**(2,565)**	-
Net cash generated from financing activities		**356,852,162**	66,784,334
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**28,010,463**	(18,540,297)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**(218,388,428)**	(199,848,131)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**39.1**	**(190,377,965)**	(218,388,428)

The annexed notes from 1 to 50 form an integral part of these financial statements.

Sd/- Mian Muhammad Pervez Chief Executive Officer	Sd/- Muhammad Haris Director	Sd/- Sh. Muhammad Naeem Chief Financial Officer

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

	Share Capital	Reserves		
		Capital	Revenue	
	Issued, subscribed and paid up capital	Share premium	Unappropriated profit	Total
	Rupees			
Balance as at June 30, 2015	144,082,488	32,746,284	777,435,634	954,264,406
Total comprehensive loss for the year	-	-	(18,117,960)	(18,117,960)
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax) - note 18.2.	-	-	35,910,745	35,910,745
Balance as at June 30, 2016	144,082,488	32,746,284	795,228,419	972,057,191
Total comprehensive loss for the year	**-**	**-**	**(3,448,593)**	**(3,448,593)**
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax) - note 18.2.	**-**	**-**	**33,794,260**	**33,794,260**
Balance as at June 30, 2017	**144,082,488**	**32,746,284**	**825,574,086**	**1,002,402,858**

The annexed notes from 1 to 50 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Muhammad Pervez	Muhammad Haris	Sh. Muhammad Naeem
Chief Executive Officer	Director	Chief Financial Officer

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. STATUS AND ACTIVITIES

Ahmad Hassan Textile Mills Limited (the Company) was incorporated in Pakistan on December 03, 1989 as a Public Limited Company under the Companies Ordinance, 1984. Its shares are quoted on Pakistan Stock Exchange Limited. It is principally engaged in the manufacturing and sale of yarn and fabric. The Company is also engaged in cotton ginning business by taking ginning factory on lease from its associated undertaking.

The registered office of the Company is situated at 46-Hassan Parwana Colony, Multan. The spinning and weaving mills are located at M. M. Road, Chowk Sarwar Shaheed, District Muzaffargarh. The ginning factory is located at Chowk Naseer Abad, Tehsil Jatoi, District Muzaffargarh.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and 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 (the IASB) as are notified under the Ordinance, the provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Ordinance. Wherever the requirements of the Ordinance or the directives issued by SECP differ with the requirements of IFRS, the requirements of the Ordinance or the requirements of the said directives prevail.

During the year, the Companies Act, 2017 was enacted with effect from May 30, 2017. Subsequently, SECP has notified through Circular No. 17 of July 20, 2017 that companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial statements have been prepared under the repealed Companies Ordinance 1984.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention, except as otherwise stated in respective policies and notes hereunder. In these financial statements, except for the amounts reflected in cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and 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 judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant accounting estimates and judgments - continued

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

2.4.1 Property, plant and equipment

The Company reviews the rates of depreciation, useful lives and residual values of assets for possible impairment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.4.2 Inventories

The Company reviews the net realizable value of inventories, including stock-in-trade, stores, spare parts and loose tools, to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of inventories with a corresponding effect on related cost and impairment.

2.4.3 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past.

2.4.4 Provision for contingencies

The Company discloses its contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisor for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date.

2.4.5 Provision for doubtful receivables

The Company records its trade and other receivables after deducting appropriate provisions, if any, using its prudence and experience. The estimate for such provisions are subjective in nature. Recoveries of amounts already provided for and/or the need for further provisioning cannot be determined with precision.

2.5 New accounting standard / amendments and IFRS interpretation that are effective for the year ended June 30, 2017

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)
- Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations (Amendment)
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative (Amendment)
- Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization (Amendment)
- Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants

New accounting standard / amendments and IFRS interpretation that are effective for the year ended June 30, 2017 - continued

- Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements (Amendment)

Annual improvements to IFRSs 2012-2014 Cycle

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 - Financial Instruments: Disclosures - Servicing contracts
- IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 19 - Employee Benefits - Discount rate: regional market issue
  IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

2.6 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 01, 2017 but are considered not to be relevant or to have any significant effect on the Company’s operations and are, therefore, not detailed in these financial statements.

In addition to the foregoing, the Companies Act, 2017 which is not effective on these financial statements, has added some additional disclosure requirements which will be applicable from next financial year.

3. 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 the years presented, unless otherwise stated.

3.1 Property, plant and equipment

Owned

Property, plant and equipment except freehold land and capital work-in-progress (CWIP) are stated at cost or revalued amount less accumulated depreciation and any identified impairment in value. Freehold land is stated at revalued amount and CWIP is stated at cost less any recognized impairment loss. Borrowing costs pertaining to erection / construction of qualifying assets are capitalized as part of the historical cost as stated in note 3.14.

All expenditure connected to the specific assets, incurred during installation and construction period, is carried under CWIP. These are transferred to specific assets as and when assets are available for use.

Depreciation on all items of property, plant and equipment except freehold land and capital work-in-progress is charged to income by applying reducing balance method so as to write-off the depreciable amounts over estimated remaining useful life of the assets. The useful life and depreciation method are consistent with the expected pattern to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of operating property, plant and equipment. Rates of depreciation are stated in note 5.1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Depreciation is charged on additions from the month in which an asset is available for use and no depreciation is charged for the month in which asset is disposed of. The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Surplus arising on revaluation of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment after netting off the related deferred tax. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation (net of deferred taxation) is transferred to unappropriated profit through Statement of Changes in Equity. A revaluation decrease is recognised in profit and loss account as impairment, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The assets so replaced, if any, other than those kept as stand-by, are retired. All other repair and maintenance cost is charged to income during the period in which it is incurred.

Leased

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

Depreciation is charged to income by applying reducing balance method to write-off the depreciable amounts of the assets over their estimated useful life in view of certainty of ownership of the assets at the end of lease period.

Finance cost and depreciation on leased assets are charged to current year's income.

3.2 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprises purchase price and other directly attributable expenditures relating to their implementation and customization. It includes costs incurred in acquiring scientific or technical knowledge, systems, licenses, intellectual property, market knowledge and trademarks. These costs are amortized over their estimated useful life using straight line method at rates given under note 6 starting from the month of capitalization of assets.

3.3 Impairment of assets

The management assesses at each balance sheet date whether there is any indication that an asset except deferred tax asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year except the impairment of property, plant and equipment which is adjusted against the existing revaluation surplus on the same assets, if any.

Where the impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying value based on initial cost of the asset. Reversal of impairment loss is recognized as income.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.4 Investments

Investments - held to maturity

Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Investments - at fair value through profit and loss

Short term investments which are acquired principally for generating profit from short term price fluctuation are classified as investments at fair value through profit and loss account. These are initially measured at cost being the fair value of consideration given. Subsequent to initial recognition, these investments are measured at fair value with resulting gain or loss charged directly to income. The fair value of such investments is determined on the basis of prevailing market rates. In case of investments in unquoted mutual funds, fair value is determined on the basis of Net Assets Value (NAV) announced by the Fund Manager.

Investments are treated as short term when intention is to hold them for less than twelve months from the balance sheet date.

3.5 Stores, spare parts and loose tools

These are valued at the lower of cost and net realizable value. The cost of inventory is based on moving average cost. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale. Items in transit are stated at cost accumulated up to the balance sheet date. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

3.6 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined as:

Raw material at warehouse	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Trading goods	Weighted average cost
Waste and leftovers	Net realizable value

Cost in relation to work in process and finished goods represents the annual average cost which consists of prime cost and appropriate manufacturing overheads. Cost of raw materials consumed is accounted for by applying the annual average cost of both imported and local purchases.

Net realizable value signifies the selling price in the ordinary course of business less cost of completion and cost to be incurred to make such sale.

3.7 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortised cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off when identified.

3.8 Foreign currency translations

Transactions in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing on the balance sheet date except for those covered by forward contracts, if any. All exchange fluctuations are charged to profit and loss account for the period.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.9 Loans, advances, deposits and prepayments

Loans, advances, deposits and prepayments paid by the Company are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

3.10 Trade and other payables

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

3.11 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the year in which the dividends are approved.

3.12 Related party transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

3.13 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration, net of sales tax, received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue from various transactions is recognized as follows:

- Local sales and processing income are recorded when goods are delivered to customers and invoices are raised.
- Export sales are recorded on shipment basis.
- Export rebate is accrued on the basis of actual export proceeds realized.
- Profit on deposits is accrued on time proportion basis by reference to the principal outstanding and applicable rate of return.
- Markup income is accrued on time basis by reference to the principal outstanding and at the agreed markup rate applicable.
- Dividend income is recognized when the Company's right to receive the dividend is established.
- Gains / (losses) on disposal of investments are included in income currently and are recognized on the date when transaction takes place.

3.14 Borrowings and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to profit and loss account in the period in which these are incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.15 Provisions

Provisions are recognized when the Company has a present 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 obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.16 Provision for gratuity

The Company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision and payment of gratuity is made annually based on service period completed by each employee.

3.17 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation on income and decisions taken by appellate authorities. The charge for current tax is calculated at the prevailing rates of taxation after taking into account tax credits, rebates and exemption available, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Taxes paid during the year or withheld at source are shown as advance payments and are adjusted at the time of filing of Income Tax Return. Amount of tax paid in excess of tax payable as per Income Tax Return is booked as refundable.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all major taxable temporary differences. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime are also considered in accordance with the requirement of Technical Release -27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at 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.

3.18 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

All purchases and sales of financial assets are recognized on the trade date when the Company becomes party to the contractual provision.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.19 Off-setting of financial instruments

Financial assets and liabilities are off-set and the net amounts are reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.20 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are re-measured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

3.21 Earnings per share

Basic Earnings Per Share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

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

3.22 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and running finances that are repayable on demand and form an integral part of the Company's cash management.

3.23 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition within one year of the date of its classification as assets held for sale. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Gain / loss on sale of assets classified as held for sale is recognized in profit and loss account.

3.24 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, stores, spares and loose tools, stock-in-trade and trade and other debts. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The transactions between reporting segments are carried at arm's length basis and are net off in preparing the entity's financial information.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.25 Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- Receivables or payables that are stated with the amount of sales tax included;
- Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- The net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the balance sheet.

3.26 Contingencies and commitments

Contingencies and commitments unless those are actual liabilities, are not incorporated in the financial statements.

4. CHANGE IN ACCOUNTING ESTIMATE

During the year, the Company re-assessed the remaining useful life of generators, power grid station and electric installations. Rate of depreciation for generators, power grid station and electric installations has been reduced from 10%, 10% and 15% to 5%, 5% and 10% respectively. The depreciation charge for the year onwards has been revised accordingly. Had there been no change in estimates, the depreciation charge for the year would have increased and the carrying values of related assets would have decreased by Rs. 16.046 million and profit before tax for the year would have been converted into loss before tax of Rs. 6.481 million approximately. However, it is not practicable to approximate the effect of change in estimate for future periods.

5. PROPERTY, PLANT AND EQUIPMENT

	Notes	2017 Rupees	2016 Rupees
Operating property, plant and equipment	5.1	**2,631,865,793**	2,579,844,159
Capital work-in-progress	5.2	**78,484,725**	245,443
		2,710,350,518	2,580,089,602

5.1 Operating property, plant and equipment - for the year ended June 30, 2017

PARTICULARS	COST / REVALUED AMOUNTS						DEPRECIATION CHARGE				NET BOOK VALUE	RATE
	As at June 30, 2016	Additions	Transfer from capital work-in-progress	Revaluation surplus / (impairment)	Disposals / Adjustments	As at June 30, 2017	Accumulated as at June 30, 2016	For the year	Accumulated depreciation on disposals/ Adjustments	Accumulated as at June 30, 2017	As at June 30, 2017	
	Rupees						Rupees					
Owned assets:												
Land - freehold	67,350,000	-	-	-	-	**67,350,000**	-	-	-	-	**67,350,000**	
Buildings on freehold land:												
- Factory building	443,827,929	294,000	-	-	-	**444,121,929**	128,643,385	15,766,577	-	144,409,962	**299,711,967**	5%
- Residential building	105,437,171	-	-	-	-	**105,437,171**	28,452,645	3,849,226	-	32,301,871	**73,135,300**	5%
	549,265,100	294,000	-	-	-	**549,559,100**	157,096,030	19,615,803	-	176,711,833	**372,847,267**	
Plant and machinery including generators	2,960,933,828	8,434,396	171,813,158	-	-	**3,141,181,382**	958,259,327	101,568,114	-	1,059,827,441	**2,081,353,941**	5%
Power grid station	100,516,512	-	-	-	-	**100,516,512**	46,775,153	2,687,068	-	49,462,221	**51,054,291**	5%
Gas installations	18,739,816	-	-	-	-	**18,739,816**	3,921,310	740,925	-	4,662,235	**14,077,581**	5%
Electric installations	64,200,870	440,077	-	-	-	**64,640,947**	40,645,463	2,391,116	-	43,036,579	**21,604,368**	10%
Factory equipments	3,086,114	1,205,500	-	-	-	**4,291,614**	425,317	357,880	-	783,197	**3,508,417**	10%
Office equipments	4,361,752	121,000	-	-	-	**4,482,752**	1,911,051	248,812	-	2,159,863	**2,322,889**	10%
Computer equipments	1,321,973	200,813	-	-	-	**1,522,786**	644,977	273,815	-	918,792	**603,994**	33%
Telephone installations	564,224	-	-	-	-	**564,224**	384,871	17,935	-	402,806	**161,418**	10%
Furniture and fittings	1,139,536	39,400	-	-	-	**1,178,936**	832,637	32,332	-	864,969	**313,967**	10%
Arms and ammunition	27,800	-	-	-	-	**27,800**	20,543	726	-	21,269	**6,531**	10%
Weighing scale	2,476,075	-	-	-	-	**2,476,075**	329,689	214,639	-	544,328	**1,931,747**	10%
Tube well	45,000	-	-	-	-	**45,000**	34,412	1,059	-	35,471	**9,529**	10%
Vehicles (note 5.1.3)	40,201,276	-	-	-	-	**40,201,276**	23,104,937	3,419,268	-	26,524,205	**13,677,071**	20%
	3,814,229,876	**10,735,186**	**171,813,158**	**-**	**-**	**3,996,778,220**	**1,234,385,717**	**131,569,492**	**-**	**1,365,955,209**	**2,630,823,011**	
Leased assets:												
Vehicles	-	1,078,740	-	-	-	**1,078,740**	-	35,958	-	35,958	**1,042,782**	20%
	3,814,229,876	**11,813,926**	**171,813,158**	**-**	**-**	**3,997,856,960**	**1,234,385,717**	**131,605,450**	**-**	**1,365,991,167**	**2,631,865,793**	

PROPERTY, PLANT AND EQUIPMENT - Continued

Operating property, plant and equipment
For comparative year ended June 30, 2016

PARTICULARS	COST / REVALUED AMOUNTS						DEPRECIATION CHARGE				NET BOOK VALUE	RATE
	As at June 30, 2015	*Additions*	*Transfer from capital work-in-progress*	*Revaluation surplus / (impairment)*	*Disposals / Adjustments*	*As at June 30, 2016*	*Accumulated as at June 30, 2015*	*For the year*	*Accumulated depreciation on disposals / Adjustments*	*Accumulated as at June 30, 2016*	*As at June 30, 2016*	
	Rupees						*Rupees*					
Owned assets:												
Land - freehold	60,615,000	-	-	6,735,000	-	67,350,000	-	-	-	-	67,350,000	
Buildings on freehold land:												
- Factory building	393,427,172	292,500	21,151,387	28,956,870	-	443,827,929	114,542,402	14,100,983	-	128,643,385	315,184,544	5%
- Residential building	89,214,936	-	-	16,222,235	-	105,437,171	25,196,349	3,256,296	-	28,452,645	76,984,526	5%
	482,642,108	292,500	21,151,387	45,179,105	-	549,265,100	139,738,751	17,357,279	-	157,096,030	392,169,070	
Plant and machinery including generators	2,925,094,481	59,982,994	52,989,146	(77,132,793)	-	2,960,933,828	836,607,060	121,652,267	-	958,259,327	2,002,674,501	5% & 10%
Power grid station	100,516,512	-	-	-	-	100,516,512	40,803,891	5,971,262	-	46,775,153	53,741,359	10%
Gas installations	18,739,816	-	-	-	-	18,739,816	3,141,389	779,921	-	3,921,310	14,818,506	5%
Electric installations	54,424,014	9,776,856	-	-	-	64,200,870	37,539,113	3,106,350	-	40,645,463	23,555,407	15%
Factory equipments	1,567,019	1,519,095	-	-	-	3,086,114	282,999	142,318	-	425,317	2,660,797	10%
Office equipments	4,009,877	351,875	-	-	-	4,361,752	1,665,678	245,373	-	1,911,051	2,450,701	10%
Computer equipments	895,833	426,140	-	-	-	1,321,973	441,869	203,108	-	644,977	676,996	33%
Telephone installations	564,224	-	-	-	-	564,224	364,942	19,929	-	384,871	179,353	10%
Furniture and fittings	1,139,536	-	-	-	-	1,139,536	798,537	34,100	-	832,637	306,899	10%
Arms and ammunition	27,800	-	-	-	-	27,800	19,737	806	-	20,543	7,257	10%
Weighing scale	1,288,275	1,187,800	-	-	-	2,476,075	168,188	161,501	-	329,689	2,146,386	10%
Tube well	45,000	-	-	-	-	45,000	33,236	1,176	-	34,412	10,588	10%
Vehicles (note 5.1.3)	36,915,626	3,285,650	-	-	-	40,201,276	19,151,409	3,953,528	-	23,104,937	17,096,339	20%
	3,688,485,121	76,822,910	74,140,533	(25,218,688)	-	3,814,229,876	1,080,756,799	153,628,918	-	1,234,385,717	2,579,844,159	

5.1.1 Depreciation for the year has been allocated as follows:

	Notes	2017 Rupees	2016 Rupees
Cost of sales	**30**	**123,727,378**	145,773,460
Administrative expenses	**34**	**7,878,072**	7,855,458
		131,605,450	153,628,918

PROPERTY, PLANT AND EQUIPMENT - continued

5.1.2 Net book value of plant and machinery includes Rs. 63.303 million (2016: Rs. 54.613 million) representing net book value of spare parts capitalized.

5.1.3 Owned vehicles include a vehicle whose title is jointly in the name of the Company and one of its bankers.

5.1.4 Costs of plant and machinery include borrowing costs capitalized during the year amounting to Rs. 1.783 million (2016: Rs. 1.133 million). Interest rates used to determine borrowing cost eligible for capitalization ranged from 5.00% to 7.66% (2016: 8.00% to 9.00%) per annum.

5.1.5 Revaluation of freehold land, building on freehold land and plant and machinery was carried out on June 26, 2016 by an independent valuer (M/s Iqbal A. Nanjee & Co. (Pvt.) Ltd., Karachi) on the basis of evaluated present values. Revaluation surplus on land and building amounting to Rs. 51.914 million had been credited to surplus on revaluation of property, plant and equipment, net of related deferred tax. Impairment of Rs. 77.133 million on plant and machinery had been recognized against existing surplus on revaluation of plant and machinery. Before June 26, 2016, the revaluations were carried out as detailed below:

Particulars of assets revalued	**Date of Revaluation**	**Basis of valuation**
Freehold land	Dec 31, 2007	Evaluated preset values
Buildings on freehold land and plant and machinery	Jun 30, 2008	Evaluated preset values
Freehold land, buildings on freehold land and plant and machinery	Jun 22, 2010	Evaluated preset values
Freehold land, buildings on freehold land and plant and machinery	Jun 22, 2013	Evaluated preset values

5.1.6 Had there been no revaluations, the related net book values of freehold land, buildings on freehold land and plant and machinery including generators would have been as follows:

	2017 **Rupees**	2016 Rupees
Freehold land	**2,577,758**	2,577,758
Buildings on freehold land	**121,029,116**	127,097,333
Plant and machinery including generators	**1,618,990,435**	1,515,976,072
	1,742,597,309	1,645,651,163

5.1.7 Property, plant and equipment have restrictions on title as these are subject to charges to secure bank borrowings as mentioned in note 20 and note 24.5.

5.1.8 As detailed in note 4, the Company re-assessed the useful lives of generators, power grid station and electric installaions. Accordingly depreciation rates have been revised.

5.2 ***Capital work-in-progress***

	As at June 30, 2016	*Additions during the year*	*Transferred to operating property, plant and equipment*	*As at June 30, 2017*
	Rupees			
Plant and machinery including generators	245,443	250,052,440	(171,813,158)	78,484,725
	245,443	**250,052,440**	**(171,813,158)**	**78,484,725**

		Notes	2017 Rupees	2016 Rupees
6.	***INTANGIBLE ASSETS***			
	Computer Software			
	Opening Balance		**720,000**	960,000
	Purchased during the year		**230,092**	-
	Amortization charged during the year	**34**	**(255,339)**	(240,000)
	Book value as on June 30		**694,753**	720,000
	Rate of amortization		**20%**	20%

		Notes	2017 Rupees	2016 Rupees
7.	***LONG TERM DEPOSITS***			
	Security deposits against:			
	Utilities	**7.1**	**4,630,097**	39,208,610
	Assets subject to finance lease		**481,800**	-
	Others		**76,000**	76,000
			5,187,897	39,284,610
	Margin deposit against bank guarantee	**7.2**	**6,200,000**	-
			11,387,897	39,284,610

7.1 These include security deposits of Rs. 4.590 million (2016: Rs. 4.575 million) deposited with Multan Electric Power Company (MEPCO) against Electric Connections at mills. Deposit with Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rs. 34.394 million has been refunded during the year and a bank guarantee has been issued to SNGPL for Rs. 74.346 million. Previously, deposit with SNGPL was subject to markup @ 5% per annum.

7.2 This has been kept as cash margin against a bank guarantee issued in favor of SNGPL by a banker of the Company.

		Notes	2017 Rupees	2016 Rupees
8.	***STORES, SPARE PARTS AND LOOSE TOOLS***			
	Stores		**23,165,250**	25,583,621
	Spare parts		**17,353,283**	17,288,559
	Loose tools		**482,208**	530,547
	Less: allowance for obsolescence and slow moving items	***8.1***	**(101,180)**	(78,011)
			40,899,561	43,324,716
8.1	***Allowance for obsolescence and slow moving items***			
	Balance as at July 01,		**78,011**	51,761
	Add: Provision made during the year		**101,180**	78,011
	Less: written off		**(78,011)**	(51,761)
	Balance as at June 30,		**101,180**	78,011

		Notes	2017 Rupees	2016 Rupees
9.	***STOCK-IN-TRADE***			
	Raw material		**549,833,172**	302,231,450
	Work-in-process		**56,457,359**	44,148,987
	Finished goods		**288,169,158**	302,931,689
			894,459,689	649,312,126

Stock-in-trade has been measured at lower of cost and net realizable value. Adjustments amounting to Rs. 2.416 million (2016: Rs. 1.100 million) have been made to closing inventory to write down stocks to their net realizable value.

	Notes	2017 Rupees	2016 Rupees
10. TRADE DEBTS			
Considered good			
Foreign - secured against letter of credits	**10.3**	**70,331,494**	27,642,714
Local - unsecured	**10.2 and 10.3**	**180,784,794**	151,412,844
		251,116,288	179,055,558

10.1 All trade debts are non-interest bearing.

10.2 These include Rs. Nil (2016: Rs. 13.908 million) due from the associated undertaking of the Company (Ahmad Cotton Industries) on account of sale of cotton seed.

10.3 Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition, where appropriate.

Ageing of trade debts is as follows:

Year	Neither past due nor impaired (less than 90 days)	Past due but not impaired		
		90-180 days	180-365 days	1 to 2 Years
	Rupees			
2017	**246,516,180**	**4,680**	**23,687**	**4,571,741**
2016	171,446,909	818,850	-	6,789,799

	Notes	2017 Rupees	2016 Rupees
11. LOANS AND ADVANCES - considered good			
Advance payments:			
To employees			
Executives	**11.1**	**320,395**	340,514
Others		**330,091**	373,087
To suppliers		**23,294,064**	36,084,292
Income tax		**21,916,963**	33,476,431
Letters of credits		**911,400**	4,441
		46,772,913	70,278,765

11.1 These advances are given to executives. The maximum aggregate amount due from executives at any month end during the year was Rs. 0.391 million (2016: Rs. 0.391 million). Reconciliation of these advances is as follows:

	2017	2016
Opening balance	**340,514**	340,734
Disbursements during the year	**98,116**	55,000
Repayments during the year	**(118,235)**	(55,220)
	320,395	340,514

12. DUE FROM GOVERNMENT

	2017	2016
Sales tax	**44,541,881**	22,775,225
Income tax	**89,124,456**	76,593,002
Duty Drawback of taxes on export sales	**17,807,681**	-
	151,474,018	**99,368,227**

	Notes	2017 Rupees	2016 Rupees
13. OTHER RECEIVABLES			
Markup receivable on deposit with SNGPL	**7.1**	**-**	1,729,676
Others	**13.1**	**4,339,994**	5,255,152
		4,339,994	6,984,828

13.1 These include a demand draft of Rs. 3.576 million (2016: Rs. 3.576 million) paid to Excise and Taxation Department as mentioned in Note 28.1.1.

14. SHORT TERM INVESTMENTS

At fair value through profit and loss account - held for trading

The Company holds investments in following listed companies. The face value of all shares is Rs. 10 per share.

2017 No. of shares	2016 No. of shares	Name of investee Company	2017 Rupees	2016 Rupees
86	4,386	Habib Bank Limited	**23,145**	866,499
4,000	4,000	Lalpir Power Limited	**82,080**	86,800
			105,225	953,299

14.1 Listed shares have been valued at the market price prevailing on Pakistan Stock Exchange Limited as at the balance sheet date.

During the year, unrealized gain of Rs. 0.001 million on remeasurement of these investments was recorded in other income (2016: Unrealized loss of Rs. 0.112 million was recorded in other operating expenses).

	2017 Rupees	2016 Rupees
15. CASH AND BANK BALANCES		
Cash in hand	**1,490,118**	520,016
Cash at banks - in current accounts	**3,539,285**	4,783,530
	5,029,403	5,303,546
16. SHARE CAPITAL		
Authorized share capital:		
20,000,000 (2016: 20,000,000) ordinary shares of Rs. 10 each.	**200,000,000**	200,000,000
Issued, subscribed and paid up share capital:		
14,408,248.8 (2016: 14,408,248.8) ordinary shares of Rs. 10 each issued for cash.	**144,082,488**	144,082,488

16.1 There is no movement in share capital during the reporting years.

16.2 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally.

		2017 Rupees	2016 Rupees
17.	***CAPITAL RESERVE***		
	This includes share premium received during the previous years as detailed below:		
	Rs. 4 per share on 2,989,920 ordinary shares of Rs. 10 each issued during the year 2001	**11,959,680**	11,959,680
	Rs. 10 per share on 1,138,992 ordinary shares of Rs. 10 each issued during the year 2004	**11,389,920**	11,389,920
	Rs. 5 per share on 1,879,336.8 ordinary shares of Rs. 10 each issued during the year 2007	**9,396,684**	9,396,684
		32,746,284	32,746,284

18. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

18.1. Property, plant and equipment are revalued on regular basis as stated in note 5.1.5. The appraisal surplus on the revaluation is credited to the surplus on revaluation account to comply with the requirements of Section 235 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).

18.2. The breakup of revaluation surplus at the balance sheet date is as follows:

	2017 Rupees	2016 Rupees
Opening balance	**839,264,746**	895,941,592
Impact of revaluation carried out during the year (net of deferred tax)	**-**	(20,766,101)
Less: Transferred to unappropriated profit on account of:		
Incremental depreciation	**(38,687,449)**	(41,724,901)
Relevant deferred tax	**4,893,189**	5,814,156
	(33,794,260)	(35,910,745)
Closing balance	**805,470,486**	839,264,746

		2017 Rupees	2016 Rupees
19.	***SUBORDINATED LOANS***		
	Unsecured- from related parties		
	Mian Muhammad Javed Anwar	**27,500,000**	27,500,000
	Mian Muhammad Parvez	**27,500,000**	27,500,000
	Dr. Muhammad Haris	**35,000,000**	35,000,000
	Mrs. Waheeda Parvez	**15,000,000**	15,000,000
		105,000,000	105,000,000

19.1 These interest free loans were obtained during the years ended June 30, 2008 and 2009. These loans are subordinated to long term finances from Habib Bank Limited, Allied Bank Limited, Soneri Bank Limited, United Bank Limited and Bank Alfalah Limited. These are repayable at the discretion of the Company after the repayments of related long term and short term finances and clearance from the banks. Hence, repayment terms are not identified. These are not measured at amortized cost as per IAS 39. Rather, these are recorded as equitya face value in accordance with the guideline provided through TR 32 - Accounting Directors Loan issued by the Institute of Chartered Accountants of Pakistan.

20. *LONG TERM LOANS AND FINANCING*

From banking companies - secured

Name of the Bank / Type of Facility	2017 Rupees	2016 Rupees	Collaterals / Securities	Total no. of installments	Remaining no. of installments	Frequency of payment	Repayment commencing from	Rate of markup
Habib Bank Limited (HBL)								
Demand Finance	32,588,554	40,000,000	- Joint pari passu charge on present and future fixed assets of the Company. - Personal guarantees of sponsoring directors of the Company. - Subordination of directors' loan.	48	37	Monthly	27-Jul-16	Average of 6 Months KIBOR + 1.5%
	32,588,554	40,000,000						
Allied Bank Limited (ABL)								
LTFF I - Part 1	43,015,244	51,618,294	- Joint pari passu charge on present and future fixed assets of the Company. - Personal guarantees of sponsoring directors of the Company. - Subordination of directors' loan.	12	10	Semi Annual	23-Dec-16	SBP Rate + 3%
LTFF I - Part 2 (A)	32,684,421	35,655,732		12	11	Semi Annual	7-Mar-17	
LTFF I - Part 2 (B)	1,576,368	1,891,642		12	10	Semi Annual	2-Dec-16	
LTFF 2	138,368,000	-		12	12	Semi Annual	24-Oct-18	
	215,644,033	89,165,668						
United Bank Limited (UBL)								
Demand Finance (NIDF)	44,944,799	56,138,666	- Joint pari passu charge on present and future fixed assets of the Company. - Personal guarantees of sponsoring directors of the Company. - Subordination of directors' loan.	12	7	Semi Annual	24-Dec-15	6 Months KIBOR + 1.5%
LTFF (note-20.2)	29,370,240	32,633,600		10	9	Semi Annual	15-Jan-17	SBP Rate + 3%
	74,315,039	88,772,266						
Bank Alfalah Limited (BAFL)								
LTFF	28,284,158	39,597,823	- 1st exclusive charge over specific machinery and joint pari passu charge on present and future fixed Assets of the Company. - Personal Guarantees of working directors of the Company. - Subordination of directors' loan.	20	10	Quarterly	5-Mar-15	SBP Rate + 2.5%
Term Finance (TF1)	39,989,710	55,985,594		20	10	Quarterly	5-Mar-15	6 Months KIBOR + 1.5%
Term Finance (TF2)	39,499,200	50,032,350		20	14	Quarterly	5-Jun-16	6 Months KIBOR + 1.5%
	107,773,068	145,615,767						

LONG TERM LOANS AND FINANCING - continued

Name of the Bank / Type of Facility	*2017 Rupees*	*2016 Rupees*	*Collaterals / Securities*	*Total no. of installments*	*Remaining no. of installments*	*Frequency of payment*	*Repayment commencing from*	*Rate of markup*
Bank Al Habib Limited (BAHL)								
Term Finance - II	-	11,166,668	- First exclusive charge over specific machineries and allied parts and joint pari passu charge on present and future fixed assets of the Company. - Hypothecation charge over imported vehicle duly registered and insured in the joint name of the Bank and the Company. - Personal Guarantees of sponsoring directors of the Company.	18	0	Quarterly	09-Oct-12	Average of 6 Months KIBOR + 1.5%
Term Finance - III	42,048,832	60,737,201		20	9	Quarterly	16-Nov-14	
Term Finance - IV	1,300,000	2,600,000		20	4	Quarterly	19-Jul-13	
Term Finance - TF-V (Converted from LTFF - I)	35,500,000	53,250,000		20	8	Quarterly	21-Aug-14	
Term Finance - VI (Converted from LTFF - II)	20,250,000	28,350,000		20	10	Quarterly	17-Mar-15	
	99,098,832	156,103,869						
National Bank of Pakistan								
Demand Finance (Note 20.3)	86,100,355	-	- Joint Pari Passu charge on fixed assets of the Company. - Personal Guarantees of sponsoring directors of the Company.	24	24	Quarterly	09-Nov-17	Average of 6 Months KIBOR + 1.5%
	86,100,355	-						
Soneri Bank Limited								
Term Finance	24,011,498	-	- Ranking charge over fixed assets of the Company to be converted into joint pari passu charge over present and future fixed assets of the Company. - Personal Guarantees of sponsoring directors of the Company. - Subordination of directors' loan	12	12	Quarterly	02-Dec-18	1 Year KIBOR + 2.5%
	24,011,498	-						
TOTAL FINANCES OBTAINED	**639,531,379**	**519,657,570**						
Less: Current portion classified under current liabilities (note 25)	**(130,872,531)**	(129,356,390)						
LONG TERM FINANCES	**508,658,848**	390,301,180						

20.1 Effective rate of mark up on long term loans ranges from 5.00% to 10.40% (2016: 5.50% to 10.40%) per annum.

20.2 This has been converted from originally disbursed demand finance. Accordingly, the mark-up rate has also been revised during the year.

20.3 The Company is in the process of converting this facility into LTFF under SBP Scheme. After conversion, markup rates will be revised accordingly.

	Notes	2017 Rupees	2016 Rupees
21. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
From banking company - secured			
Availed during the year		**1,054,000**	-
Less: Payments made during the year		**(21,772)**	-
		1,032,228	-
Less: Current portion	25	**(280,022)**	-
- Installment due within next twelve months		**752,206**	-

21.1 The Company acquired a vehicle under finance lease arrangements from a banking company. These liabilities, during the year, were subject to finance cost charged at the rate of 12.74% per annum. The Company intends to exercise its option to purchase the leased assets upon completion of the lease term. The lease finance facilities are secured against postdated cheques given by the Company.

21.2 Reconciliation of minimum lease payments and their present value is as follows:

	2017		2016	
	Minimum Lease Payments	**Present Value of Minimum Lease**	Minimum Lease Payments	Present Value of Minimum Lease
	------ *Rupees* ------			
Within one year	**382,116**	**280,022**	-	-
After one year but not later than five years	**837,790**	**752,206**	-	-
	1,219,906	**1,032,228**	-	-
Less: Finance cost allocated to future periods	**(187,678)**	**-**	-	-
Present value of minimum lease	**1,032,228**	**1,032,228**	-	-
Less: Current portion	**(280,022)**	**(280,022)**	-	-
	752,206	**752,206**	-	-

	2017 Rupees	2016 Rupees
22. DEFERRED TAXATION		
The deferred taxation liability comprises of tax on temporary differences arising due to:		
Credit balance arising in respect of:		
- Accelerated tax depreciation allowances and surplus on revaluation of property, plant and equipment	**236,604,476**	256,177,654
- Deferred tax arose on revaluation surplus/impairment during the year - net	**-**	(4,452,587)
	236,604,476	251,725,067
Debit balance arising in respect of:		
- Unused tax losses	**(17,551,998)**	(12,057,229)
- Minimum tax paid in excess of normal tax	**(29,882,857)**	(40,690,497)
- Provisions	**(12,797)**	(10,870)
	189,156,824	198,966,471

22.1 The rate of corporate tax has been reduced by 1%. The change in deferred tax liability due to change in future tax rates amounts to Rs. 6.305 million (June 30, 2016: Rs. 6.418 million).

	Notes	2017 Rupees	2016 Rupees
23. TRADE AND OTHER PAYABLES			
Creditors		**106,763,202**	50,638,794
Accrued liabilities	**23.1**	**108,326,919**	39,274,924
Advances from customers		**5,193,308**	2,434,997
Taxes deducted at source		**1,822,460**	5,421,221
Workers' Profit Participation Fund	**23.2**	**503,444**	458,247
Workers' Welfare Fund		**280,575**	280,575
Unclaimed dividend		**3,019,542**	3,022,107
Other payables		**346,450**	181,450
		226,255,900	101,712,315

23.1 These include Rs. 0.475 million (2016: Rs. 0.456 million) being salary payable to chief executive and director.

23.2 **Workers' Profit Participation Fund**

Balance at the beginning of the year		**458,247**	-
Add: Allocation for the year	**35**	**503,444**	458,247
Interest on Workers' Profit Participation Fund	**36**	**10,973**	-
		972,664	458,247
Less: Payment made during the year		**(469,220)**	-
		503,444	458,247

24. SHORT TERM FINANCES UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES

From banking companies - Secured

Short term running finances	**24.1**	**195,407,368**	223,691,974
Short term loans (other than running finances)	**24.1**	**749,064,284**	604,792,984
Export finances	**24.2**	**152,016,364**	59,908,180
		1,096,488,016	888,393,138

24.1 Short term finance facilities available from commercial banks under markup arrangements aggregate to Rs. 1,800.70 million (2016: Rs. 1,521.00 million) of which facilities aggregating Rs. 856.23 million (2016: Rs. 1,000.15 million) remained unutilized at the year end. These facilities, during the year, carried markup at the rates ranging from 6.79% to 8.50% (2016: 6.99% to 8.50%) per annum. These facilities are expiring, if not renewed, on various dates by March 31, 2018.

24.2 The Company has obtained export finance facilities (including facilities for foreign currency finances and foreign bills purchased) from commercial banks aggregating to Rs. 1,439.30 million (2016: Rs. 1,270.00 million) of which facilities aggregating Rs. 1,244.40 million (2016: Rs. 1,209.00 million) remained unutilized at the year end. These facilities, during the year, carried markup at the rates ranging from 1.00% to 7.26% (2016: 1.00% to 8.01%) per annum. These facilities are expiring, if not renewed, on various dates by March 31, 2018.

24.3 The outstanding balances against export finances include foreign currency balances aggregated to US$ 0.794 million (2016: US$ 0.573 million).

24.4 Facilities available for issuance of letters of credit, inland bills purchases and bank guarantees aggregate to Rs. 724.00 million (2016: Rs. 899.00 million) of which facilities aggregating Rs. 605.56 million (2016: Rs. 726.94 million) remained unutilized at year end.

24.5 The aggregate facilities of Rs. 3,964.00 million (2016: Rs. 3,690.00 million) are secured against pledge of stocks, ranking charge and joint pari passu charge on present and future current and fixed assets of the Company, lien on import/export documents, buy back indemnities, promissory notes, counter guarantees of the company, trust receipts, subordination of directors' loan and personal guarantees of sponsoring directors of the Company along with their personal net worth statements. The carrying value of pledged goods as on June 30, 2017 as valued by the banks is Rs. 731.510 million (2016: Rs. 605.785 million).

	Notes	2017 Rupees	2016 Rupees
25. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term loans and financing - form banking companies - secured:			
Habib Bank Limited		**11,445,697**	8,285,714
Allied Bank Limited		**14,860,946**	11,731,998
Bank Alfalah Limited		**37,842,668**	37,842,548
Bank Al Habib Limited		**45,838,368**	57,005,036
National Bank of Pakistan		**3,096,531**	-
United Bank Limited		**17,788,321**	14,491,094
	20	**130,872,531**	129,356,390
Liabilities against assets subject to finance lease - secured	21	**280,022**	-
		131,152,553	129,356,390
26. ACCRUED FINANCE COST			
Long term financing		**10,047,199**	11,213,739
Short term finances		**18,459,478**	14,502,907
		28,506,677	25,716,646
27. PROVISION FOR TAXATION			
Opening Balance		**23,907,200**	2,574,749
Add: Provision made during the year	37	**22,785,891**	23,907,200
Add / (less) : Prior year adjustment		**37,776**	(59,766)
Payments / adjustments against completed assessments		**(23,944,976)**	(2,514,983)
Closing balance		**22,785,891**	23,907,200

27.1 Income tax returns of the Company have been filed up to the Tax Year 2016 and deemed assessed.

27.2 The Deputy Commissioner Inland Revenue, Multan passed an order dated June 30, 2017 under section 121(1)(d) of the Income Tax Ordinance, 2001 raising demand of Rs. 285.655 million for tax year 2011. Subsequent to the balance sheet date, the Company has filed an appeal with the Commissioner Inland Revenue (Appeals), Multan contending that the impugned order was barred by time limitation and was made ex-parte on the same date as the date of receipt of show cause notice. The appeal is pending and the Company expects favorable outcome.

27.3 The Company has been selected for audit for tax year 2013, the proceedings of which are in process.

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 During the previous years, the Excise and Taxation Department Karachi imposed infrastructure cess/excise duty of Rs. 7.153 million on account of machinery imported by the Company. The Company did not accept it and filed a suit in Sindh High Court, Karachi against said levy. In 2013, on the basis of interim order passed by Sindh High Court, a bank guarantee amounting to Rs. 3.576 million had been given by the Company in favour of the Director Excise and Taxation, Karachi. The Company also paid a demand draft of Rs. 3.576 million (50% of the disputed amount) to Excise and Taxation Department. The amount of demand draft is classified as receivable in these financial statements (note 13.1).

In another similar case, the company has given a bank guarantee of Rs. 6.00 million (2016: Rs. 4.00 million) to the Director Excise and Taxation, Karachi against 50% disputed amount of infrastructure Cess for release of imported goods. The decision of Sind High Court on Infrastructure cess is pending.

The Company expects favorable decision and has not accounted for any liability in this regard.

28.1.2 The Company issued various postdated cheques of Rs. 345.283 million (2016: Rs. 205.637 million) to Collector of Customs, Multan against the amount of Sales Tax, Customs Duty and Income Tax on import of cotton yarn, chemical, packing material under Duty and Tax Remission for Exports (DTRE) Scheme. These cheques will be returned to the Company after complying with the formal requirements.

CONTINGENCIES AND COMMITMENTS - continued

28.1.3 During the year, the Collectorate of Customs, Multan - Audit Cell conducted the post exportation audit of records submitted regarding DTRE approval reference 85/04032014 and raised demand of Rs. 2.014 million in its report. The Company contested the case with the Collectorate of (Customs) Adjudication. The Collectorate of (Customs) Adjudication did not accept the stance of the Company and passed an order for recovery of Rs. 2.514 million including default surcharge and penalty calculated till the date of order. The Company filed an appeal before the Appellate Tribunal (Customs) Lahore, which is pending adjudication. The Company expects favorable outcome and hence has not accounted for any liability in these financial statements in this regard.

28.1.4 During the year, the Collectorate of Customs, Multan - Audit Cell conducted the post exportation audit of documents submitted regarding DTRE approval reference 14/10012015 and raised demand of Rs. 6.833 million in its report. The Company contested the case with the Collectorate of (Customs) Adjudication. Subsequent to the balance sheet date, the Collectorate of (Customs) Adjudication passed an Order for recovery of Rs. 5.159 million along with default surcharge, additional duties and taxes. The Company is in the process of filing an appeal before the Appellate Tribunal (Customs) Lahore. The Company expects favorable outcome and hence has not accounted for any liability in these financial statements in this regard.

28.1.5 During the year, the Director, Directorate of social security, Muzaffargarh conducted audit of the records of social security paid by the Company for the period from January, 2013 to June, 2014 and raised a demand of Rs. 3.177 million on account of amount short paid. The Company filed an appeal before the Director General Punjab Employees' Social Security Institution, Lahore contending that the impugned demand was raised without taking into account the true facts and figures from the records of the Company; hence the demand was not maintainable. The Director General heard the case and ordered the Company to pay the demand raised. The Company has filed an appeal before the Punjab Social Security Appellate Tribunal, Lahore which is pending adjudication. The Company expects favorable outcome and hence has not accounted for any liability in these financial statements in this regard.

28.1.6 The Pakistan Central Cotton Committee (PCCI) increased the rates of cotton cess with effect from July 05, 2012 under the Cotton Cess Act, 1923 and issued a demand notice for recovery of arrears amounting to Rs. 2.022 million. The Company, along with other spinning units, filed a writ petition before the Honorable Lahore High Court against undue increase in rates. Simultaneously, the Company has given the postdated cheques of the amount demanded, as surety to the PCCI. The Company has also obtained stay order from the Lahore High Court restraining PCCI to encash the cheques given as security till final outcome of the writ petition. The Company is of the firm view that final decision will be in favour of the Company.

28.1.7 As mentioned in note 7.1, bankers of the Company have given guarantees to SNGPL amounting to Rs. 74.346 million (2016: Rs. 12.346 million) on behalf of the Company.

28.1.8 Refer to contents of the note 27.2 and 27.3.

	2017	2016
	Rupees	Rupees
28.2 Commitments		
28.2.1 Aggregate amount of contractual commitments for capital expenditure are as follows:		
Letters of credits	**218,490,372**	16,554,745
Other contracts	**2,706,331**	-

28.2.2 The Company's commitments other than capital expenditure; against letter of credit outstanding as at June 30, 2017 amount to Rs. 3.897 million (2016: Rs. 0.832 million).

28.2.3 Foreign bills discounted outstanding as at June 30, 2017 aggregated Rs. 254.266 million (2016: Rs. 109.701 million).

29. SALES - NET

	Notes	2017 Rupees	2016 Rupees
Local:			
Yarn (net of sales tax of Rs. 987,922 (2016: Rs. 10,426,038))		**571,287,602**	340,192,423
Fabric (net of sales tax of Rs. Nil (2016: Rs. 50,391,336))		**1,083,379,435**	1,621,154,205
Waste (net of sales tax of Rs. Nil (2016: Rs. 2,043,864))		**74,208,525**	72,424,084
Cotton seed (net of sales tax of Rs. 369,658 (2016: Rs. 332,106))		**89,741,708**	78,790,453
Processing income (net of sales tax of Rs. Nil (2016: Rs. 356,296))		**7,623,690**	11,876,545
		1,826,240,960	2,124,437,710
Export:			
Yarn		**738,901,350**	631,027,929
Fabric		**1,490,730,340**	700,086,373
	29.1 & 29.2	**2,229,631,690**	1,331,114,302
		4,055,872,650	3,455,552,012

29.1. Export sales include sales of Rs. 1,063.442 million (2016: Rs. Nil) made through Standardized Purchase Orders.

29.2. Gain aggregating Rs. 2.068 million (2016: Rs. 1.753 million) upon realization of foreign currency export debtors has been grouped under export sales.

30. COST OF SALES

	Notes	2017 Rupees	2016 Rupees
Raw material consumed	**30.1**	**2,727,831,991**	2,372,582,639
Salaries, wages and other benefits	**30.2**	**267,733,060**	234,231,475
Stores and spare parts consumed		**55,133,161**	69,398,135
Allowance for obsolete and slow moving items	**8.1**	**101,180**	78,011
Packing materials consumed		**44,892,045**	44,951,251
Chemicals consumed		**36,671,247**	37,953,512
Rent, rates and taxes		**524,242**	537,750
Processing charges		**2,881,797**	2,023,475
Power and fuel		**518,995,160**	370,707,125
Repair and maintenance		**15,134,985**	10,503,772
Insurance		**13,675,162**	11,522,056
Other manufacturing expenses		**14,350**	232,979
Depreciation on property, plant and equipment	**5.1.1**	**123,727,378**	145,773,460
		3,807,315,758	3,300,495,640
Adjustment of work-in-process:			
Opening stock		**44,148,987**	40,072,191
Closing stock	**9**	**(56,457,359)**	(44,148,987)
		(12,308,372)	(4,076,796)
Cost of goods manufactured		**3,795,007,386**	3,296,418,844
Adjustment of finished goods:			
Opening stock		**302,931,689**	214,407,271
Closing stock	**9**	**(288,169,158)**	(302,931,689)
		14,762,531	(88,524,418)
Cost of sales		**3,809,769,917**	3,207,894,426

30.1 Raw material consumed

	Notes	2017 Rupees	2016 Rupees
Opening stock		**302,231,450**	286,476,695
Purchases including direct expenses		**2,975,433,713**	2,388,337,394
		3,277,665,163	2,674,814,089
Less: Closing stock	**9**	**(549,833,172)**	(302,231,450)
		2,727,831,991	2,372,582,639

30.2 These include Rs. 10.577 million (2016: Rs. 4.595 million) in respect of staff gratuity.

	Notes	2017 Rupees	2016 Rupees
31. OTHER INCOME			
Income from financial assets:			
Gain on disposal of short term investments		**61,020**	-
Un-realized gain on remeasurement of short term investments		**1,436**	-
Dividend Income		**9,204**	305,404
Duty Drawback of taxes on export sales		**20,123,129**	-
Mark-up on security deposit with SNGPL		**-**	1,729,676
Gain on exchange rate fluctuation - net		**526,508**	402,449
		20,721,297	2,437,529
32. PROFIT ON TRADING			
Local sale of yarn (net of sales tax of Rs. Nil (2016: Rs. 79,892))		**10,963,176**	2,663,016
Less: Purchase and related expenses		**(10,884,300)**	(1,058,810)
		78,876	1,604,206
33. DISTRIBUTION COST			
Salaries, wages and other benefits	**33.1**	**1,937,950**	2,728,714
Commission on:			
Local sales		**15,006,257**	13,703,464
Export sales		**29,063,990**	31,590,166
Freight, forwarding and others on export sales		**18,735,096**	19,477,828
Export development surcharge		**2,751,585**	3,389,056
Foreign bank charges and other export expenses		**8,975,813**	13,529,681
		76,470,691	84,418,909

33.1 These include Rs. 0.388 million (2016: Rs. 0.200 million) in respect of staff gratuity.

	Notes	2017 Rupees	2016 Rupees
34. ADMINISTRATIVE EXPENSES			
Directors' meeting fee		**22,500**	10,500
Directors' remuneration		**6,000,000**	6,000,000
Staff salaries and other benefits	**34.1**	**23,353,020**	18,111,414
Vehicles running and maintenance		**4,118,097**	3,641,702
Utilities		**702,060**	712,542
Travelling and conveyance		**2,150,195**	1,898,295
Printing and stationery		**487,741**	480,581
Communication		**1,277,289**	1,313,208
Rent, rates and taxes	**34.2**	**3,075,000**	3,084,521
Repair and maintenance		**2,093,360**	1,267,224
Entertainment		**2,016,622**	864,594
Fees and subscription		**1,857,907**	2,064,850
Advertisement		**150,650**	137,822
Depreciation on property, plant and equipment	**5.1.1**	**7,878,072**	7,855,458
Amortization of intangible assets	**6**	**255,339**	240,000
Auditors' remuneration	**34.3**	**707,500**	657,500
Legal and professional charges		**1,104,130**	416,060
Others		**554,996**	554,134
		57,804,478	49,310,405

34.1 These include Rs. 1.313 million (2016: Rs. 1.005 million) in respect of staff gratuity.

34.2 These include Rs. 3.00 Million (2016: Rs. 3.00 Million) paid to a director against rent of Head Office.

	Notes	2017 Rupees	2016 Rupees
ADMINISTRATIVE EXPENSES - continued			
34.3 Auditors' remuneration			
Annual audit		**500,000**	500,000
Half yearly review		**150,000**	150,000
Taxation services		**50,000**	-
Certification		**7,500**	7,500
		707,500	657,500

35. OTHER OPERATING EXPENSES

	Notes	2017 Rupees	2016 Rupees
Workers' Profit Participation Fund	**23.2**	**503,444**	458,247
Unrealized loss on remeasurement short term investments		**-**	112,350
Loss on disposal of short term investments		**-**	299,012
Charity and donation	**35.1**	**84,800**	188,800
		588,244	1,058,409

35.1. Donations were not made to any donee in which the Company, a director or his/her spouse had any interest at any time during the year.

36. FINANCE COST

	Notes	2017 Rupees	2016 Rupees
Markup on:			
Long term loans and financing		**36,868,108**	44,585,985
Short term finances		**78,931,166**	60,724,188
Liabilities against assets subject to finance lease	**21.1**	**10,070**	-
Interest on Workers' Profit Participation Fund	**23.2**	**10,973**	-
Bank charges and bank guarantee commission		**6,653,750**	2,894,733
		122,474,067	108,204,906

37. TAXATION

	Notes	2017 Rupees	2016 Rupees
Current taxation:			
Minimum tax payable on local sales		**18,372,041**	21,271,007
Final tax on exports realization		**22,296,317**	13,933,407
		40,668,358	35,204,414
Tax credits under section 65B of Income Tax Ordinance, 2001		**(17,882,468)**	(11,297,214)
		22,785,890	23,907,200
Prior year adjustment		**37,776**	(262,810)
Deferred taxation - net	**22**	**(9,809,647)**	3,180,262
		13,014,019	26,824,652

37.1. Relationship between tax expense and accounting profit before tax

The provision for current taxation represents the minimum tax and final tax liabilities under section 113 and 169 of the Income Tax Ordinance, 2001. Accordingly tax charge reconciliation has not been prepared and presented.

38. LOSS PER SHARE

		2017	2016
38.1 Basic			
Loss after taxation	***Rupees***	**(3,448,593)**	(18,117,960)
Weighted average number of ordinary shares	***No.***	**14,408,248.8**	14,408,248.8
Loss per share	***Rupees***	**(0.24)**	(1.26)

38.2 Diluted

There is no dilutive effect on the basic loss per share of the Company as at June 30, 2017 and June 30, 2016.

	Notes	2017 Rupees	2016 Rupees
39. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**9,565,426**	8,706,692
Adjustments for:			
Depreciation on property, plant and equipment	**5.1.1**	**131,605,450**	153,628,918
Duty Drawbacks of taxes on export sales	**31**	**(20,123,129)**	-
Amortization of intangible assets	**6**	**255,339**	240,000
Allowance for obsolescence and slow moving items	**8.1**	**101,180**	78,011
Provision for Workers' Profit Participation Fund	**23.2**	**503,444**	458,247
Gain on disposal of investments	**31**	**(61,020)**	-
Unrealized (gain) / loss on remeasurement of short term investments		**(1,436)**	411,362
Dividend Income	**31**	**(9,204)**	(305,404)
Mark-up on security deposit with SNGPL	**31**	**-**	(1,729,676)
Gain on exchange rate fluctuation - net	**31**	**(526,508)**	(402,449)
Finance cost	**36**	**122,474,067**	108,204,906
		234,218,183	260,583,915
Cash flows before working capital changes		**243,783,609**	269,290,607
Working capital changes:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		**2,323,975**	3,009,929
Stock-in-trade		**(245,147,563)**	(108,355,969)
Trade debts		**(72,157,428)**	28,831,068
Loans and advances (excluding advance income tax)		**11,946,384**	(4,990,561)
Due from Government (excluding income tax and Duty Drawback of taxes on export sales)		**(21,766,656)**	4,645,650
Other receivables (excluding mark-up on security deposit with SNGPL)		**915,158**	(12,537)
Increase / (decrease) in current liabilities:			
Trade and other payables (excluding unclaimed dividend, provision for Workers' Profit Participation Fund and provision for Workers' Welfare Fund)		**124,500,953**	(61,800,612)
		(199,385,177)	(138,673,032)
CASH GENERATED FROM OPERATIONS		**44,398,432**	130,617,575
39.1 CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
Cash and bank balances	**15**	**5,029,403**	5,303,546
Short term running finances	**24**	**(195,407,368)**	(223,691,974)
		(190,377,965)	(218,388,428)

40. RELATED PARTY TRANSACTIONS

The related parties comprise of an associated undertaking (Ahmad Cotton Industries), Chief Executive, directors and executives of the Company.

40.1 Following transactions were made with the associated undertaking of the Company, during the year:

Relationship	Nature of transaction	2017 Rupees	2016 Rupees
Associated Undertaking	- Sale of cotton seed	**89,741,708**	78,790,453
Associated Undertaking	- Lease rental against ginning factory	**524,242**	537,750
Director	- Payment of rental of head office	**3,000,000**	3,000,000
Executives	- Advances given / (received) - net	**(20,119)**	(220)

40.2 Transactions with related parties are carried out on commercial term and conditions under admissible valuation methods. Maximum aggregate amount due from the associated undertaking at any month end during the year was Rs. 45.383 million (2016: Rs. 74.289 million).

40.3 No interest was charged on the associated undertaking's balances during the year as these arose due to normal business dealings. Outstanding balances with related parties at year end have been disclosed in note 10. These are settled in ordinary course of business.

40.4 Remuneration and benefits to chief executive, directors, and executives under the term of their employment are disclosed in note 41 below.

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Remuneration of chief executive, directors and executives has been included in Staff salaries and benefits (note 30, 33 and 34. Detail is given below:

	2017		2016	
	Rupees	**No. of persons**	Rupees	No. of persons
Managerial remuneration:				
Chief executive	**3,000,000**	**1**	3,000,000	1
Directors	**3,000,000**	**1**	3,000,000	1
Executives	**9,155,000**	**11**	6,456,000	11
	15,155,000		12,456,000	
Other benefits to executives of the Company are as follows:				
Bonus	**792,917**	**11**	398,000	6
Retirement benefits	**610,333**	**11**	553,000	8
	1,403,250		951,000	

41.1 Meeting fee amounting to Rs. 0.023 million (2016: Rs.0.011 million) was paid to two (2016: two) non-executive directors. The chief executive, one director and five (2016: three) executives are provided with the Company maintained cars. No other remuneration or benefits were paid to non-executive directors.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

42.1 Financial instruments by category

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

		2017	2016
Financial assets as per balance sheet	Notes	**Rupees**	Rupees
Loan and receivables:			
Long-term deposits	**7**	**11,387,897**	39,284,610
Trade debts	**10**	**251,116,288**	179,055,558
Loans and advances		**320,395**	340,514
Other receivables	**13**	**4,339,994**	6,984,828
Short term investments	**14**	**105,225**	953,299
Cash and bank balances	**15**	**5,029,403**	5,303,546
		272,299,202	231,922,355
Financial liabilities as per balance sheet			
Financial liabilities measured at amortized cost :			
Long term financing	**20**	**639,531,379**	519,657,570
Liabilities against assets subject to finance lease	**21**	**1,032,228**	-
Subordinated loans	**19**	**105,000,000**	105,000,000
Trade and other payables		**221,062,592**	99,277,318
Accrued finance cost	**26**	**28,506,677**	25,716,646
Short term finances	**24**	**1,096,488,016**	888,393,138
		2,091,620,892	1,638,044,672

Financial Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk and price risk) and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and approves the related policies periodically.

42.2 Credit risk and concentration of credit risk

The Company is exposed to credit risk from its operating activities (primarily for trade debts, loans and advances as well as other receivables) and from its financing activities, including balances with banks.

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties to the financial instruments fail to perform as contracted. Out of the total financial assets of Rs. 272.299 million (2016: Rs. 231.922 million) the financial assets which are subject to credit risk amounted to Rs. 270.809 million (2016: Rs. 231.402 million). The management monitors and limits the Company's exposure to credit risk through monitoring of clients credit exposure review and conservative estimates of provision for doubtful receivable. The management is of the view that it is not exposed to significant concentration of credit risk.

The maximum exposure to credit risk as at the reporting date is tabulated below:

Financial assets		
Long term deposits	**11,387,897**	39,284,610
Trade debts	**251,116,288**	179,055,558
Loans and advances	**320,395**	340,514
Other receivables	**4,339,994**	6,984,828
Short term investments	**105,225**	953,299
Bank balances	**3,539,285**	4,783,530
	270,809,084	231,402,339

Credit risk and concentration of credit risk - continued

The bank balances and investments along with credit ratings of counterparties are tabulated below:

Credit rating	**Bank Balances**	**Short term Investments**
	Rupees	
June 30, 2017:		
A-1+	**1,026,773**	**23,145**
A1+	**2,510,764**	**82,080**
A1	**1,748**	**-**
	3,539,285	**105,225**
June 30, 2016:		
A-1+	543,882	866,499
A1+	4,239,648	86,800
	4,783,530	953,299

Due to Company's long standing relationship with these counter parties 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.

42.2 .1 Credit risk related to receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customers. Outstanding customer receivables are regularly monitored.

At June 30, 2017, the Company has 11 customers that owed more than Rs. 5.7 million each (2016: 11 customers that owed more than Rs. 5.8 million each) and accounted for approximately 86% (2016: 77%) of all trade debts. The maximum exposure to credit risk at the reporting date is the carrying values of receivables mentioned in note 10 and advances as mentioned in note 11.

The Company does not hold collateral as security against local debtors. However, foreign debtors are secured against letters of credit. The ageing analysis of trade debts is given in note 10.3.

42.3 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 24, is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Liquidity risk management - continued

Financial Liabilities in accordance with their contractual maturities are presented as follows:

	Interest/markup bearing			Non-Interest/markup bearing			
	Maturity within 1 year	Maturity after 1 year	Sub-total	Maturity within 1 year	Maturity after 1 year	Sub-total	Total
June 30, 2017	Rupees						
Financial liabilities							
Long term financing	**130,872,531**	**508,658,848**	**639,531,379**	**-**	**-**	**-**	**639,531,379**
Liabilities against assets subject to finance lease	**752,206**	**280,022**	**1,032,228**	**-**	**-**	**-**	**1,032,228**
Trade and other payables	**-**	**-**	**-**	**221,062,592**	**-**	**221,062,592**	**221,062,592**
Accrued finance cost	**-**	**-**	**-**	**28,506,677**	**-**	**28,506,677**	**28,506,677**
Short term finances	**1,096,488,016**	**-**	**1,096,488,016**	**-**	**-**	**-**	**1,096,488,016**
	1,228,112,753	**508,938,870**	**1,737,051,623**	**249,569,269**	**-**	**249,569,269**	**1,986,620,892**
June 30, 2016							
Financial liabilities							
Long term financing	129,356,390	390,301,180	519,657,570	-	-	-	519,657,570
Trade and other payables	-	-	-	99,277,318	-	99,277,318	99,277,318
Accrued finance cost	-	-	-	25,716,646	-	25,716,646	25,716,646
Short-term finances	888,393,138	-	888,393,138	-	-	-	888,393,138
	1,017,749,528	390,301,180	1,408,050,708	124,993,964	-	124,993,964	1,533,044,672

42.4 Market risk management

Market risk is the risk that changes market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The management of the Company continuously monitors its investments to avoid such risks.

42.4 .1 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Companys exposure to the risk of changes in market interest rates relates primarily to the Companys short term debt obligations and long term debts having floating interest rates .

42.4 .2 Interest rate sensitivity

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Companys profit before taxation for the year ended June 30, 2017 would increase / decrease by Rs. 7.860 million (2016: Rs. 6.825 million). This is mainly attributable to the Companys exposure to interest rates on its variable rate borrowings.

The Companys sensitivity to interest rates has increased during the current year mainly due to the increase in borrowings and variable rate borrowings.

42.4 .3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. As at June 30, 2017, the total foreign currency risk exposure was Rs. 70.331 million (2016: Rs. 27.643 million) in respect of foreign trade debts. However, Rs. 89.840 million (2016: Rs. 60.534 million) were payable in respect of foreign currency payables.

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

42.4 .4 Foreign currency sensitivity analysis

At June 30, 2017, if the Pak Rupee had strengthened / weakened by 5% against the US dollar with all other variables held constant, profit before taxation for the year would have been increased / decreased by Rs. 0.130 million (2016: Rs. 0.108 million). Profit before tax is more sensitive to movement in Rupee / foreign currency exchange rates in year 2017 than in year 2016.

42.4 .5 Equity price risk management

The Company is exposed to equity price risk since it has investments in listed equity securities amounting to Rs. 0.105 million (2016: Rs. 0.953 million)

The carrying value of investments subject to equity price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company's portfolio of short term investments is diversified so as to mitigate the significant risk of decline in prices of securities in particular sector of the market.

42.5 Determination of fair values

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction other than in a forced or liquidation sale.

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

42.6 Fair value estimation

IFRS 13 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measuring fair value of financial instruments.
- Level 1; Quoted prices (unadjusted) in active market for identical assets or liabilities

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

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

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market or quoted price in an active market and whose fair value cannot be reliably measured. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The table below analyses equity instruments measured at fair value at the balance sheet date by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2017 (Rupees)		
	Level 1	**Level 2**	**Total**
Short term investments - held for trading	105,225	-	**105,225**

	2016 (Rupees)		
	Level 1	Level 2	Total
Short term investments - held for trading	953,299	-	953,299

43. CAPITAL DISCLOSURE

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

- The Company is not subject to any externally imposed capital requirements.
- The Company's objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benet for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital and unappropriated profit) plus net debt.
- The debt-to-adjusted capital ratios at June 30, 2017 and June 30, 2016 were as follows:

	2017 **Rupees**	2016 Rupees
Total debt	**1,842,051,623**	1,513,050,708
Less: Cash and bank balances	**(5,029,403)**	(5,303,546)
Net debt	**1,837,022,220**	1,507,747,162
Total equity	**1,002,402,858**	972,057,191
Adjusted capital	**2,839,425,078**	2,479,804,353
Debt-to-adjusted capital ratio	**0.65**	0.61

44. SEGMENT REPORTING

44.1 REPORTABLE SEGMENTS

The management has determined the operating segments of the Company on the basis of the difference in the products produced.

The Company's reportable segments are as follows:

- Ginning segment taken on operating lease - production of cotton lint from raw cotton.
- Spinning segment - production of different qualities of yarn by using natural and artificial fibers.
- Weaving segment - production of different qualities of fabric using yarn.

Information regarding the Company's reportable segments is presented below:

44.2 SEGMENT REVENUE AND RESULTS

Following is an analysis of the Company's revenue and results by reportable operating segments:

		Ginning		Spinning		Weaving		Total	
		2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	Notes			**Rupees**				**Rupees**	Rupees
Sales - net									
External	**29**	**89,741,708**	79,522,754	**1,371,053,857**	1,022,919,869	**2,595,077,085**	2,353,109,389	**4,055,872,650**	3,455,552,012
Inter-segment		**257,391,716**	210,746,349	**950,761,410**	840,001,315	**-**	-	**-**	-
Total		**347,133,424**	290,269,103	**2,321,815,267**	1,862,921,184	**2,595,077,085**	2,353,109,389	**4,055,872,650**	3,455,552,012
Cost of sales - excluding inter-segment purchase	**30**	**(342,410,264)**	(288,838,516)	**(2,027,382,454)**	(1,553,818,306)	**(1,439,977,199)**	(1,365,237,604)	**(3,809,769,917)**	(3,207,894,426)
Inter-segment purchase		**-**	-	**(257,391,716)**	(210,746,349)	**(950,761,410)**	(840,001,315)	**-**	-
		(342,410,264)	(288,838,516)	**(2,284,774,170)**	(1,764,564,655)	**(2,390,738,609)**	(2,205,238,919)	**(3,809,769,917)**	(3,207,894,426)
Gross profit		**4,723,160**	1,430,587	**37,041,097**	98,356,529	**204,338,476**	147,870,470	**246,102,733**	247,657,586
Other income	**31**	**-**	-	**12,200,178**	738,559	**8,521,119**	1,698,970	**20,721,297**	2,437,529
Profit on trading	**32**	**-**	**-**	**-**	**-**	**78,876**	1,604,206	**78,876**	1,604,206
Distribution cost	**33**	**-**	-	**(28,681,423)**	(14,160,456)	**(47,789,268)**	(70,258,453)	**(76,470,691)**	(84,418,909)
Administrative expenses	**34**	**(3,591,894)**	-	**(25,373,080)**	(21,018,402)	**(28,839,504)**	(28,292,003)	**(57,804,478)**	(49,310,405)
Other operating expenses	**35**	**-**	-	**(201,957)**	(320,693)	**(386,287)**	(737,716)	**(588,244)**	(1,058,409)
Finance cost	**36**	**(1,156,817)**	(1,430,587)	**(81,416,468)**	(79,505,212)	**(39,900,783)**	(27,269,107)	**(122,474,067)**	(108,204,906)
Profit / (loss) before tax		**(25,551)**	**-**	**(86,431,653)**	(15,909,675)	**96,022,630**	24,616,367	**9,565,426**	8,706,692
Taxation - current	**37**							**(22,823,666)**	(23,644,390)
Taxation - deferred	**37**							**9,809,647**	(3,180,262)
Loss after taxation								**(3,448,593)**	(18,117,960)

SEGMENT REPORTING - continued

44.3 SEGMENT ASSETS AND LIABILITIES

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Notes	Ginning 2017	Ginning 2016	Spinning 2017	Spinning 2016	Weaving 2017	Weaving 2016	Total 2017	Total 2016
		Rupees						Rupees	Rupees
Segment assets:									
Operating property, plant and equipment	**5**	-	-	**1,268,443,219**	1,218,250,136	**1,441,907,299**	1,361,839,466	**2,710,350,518**	2,580,089,602
Intangible assets	**6**	-	-	**347,377**	360,000	**347,377**	360,000	**694,753**	720,000
Long term deposits	**7**							**11,387,897**	39,284,610
Total operating assets								**2,722,433,168**	2,620,094,212
Stores, spare parts and loose tools	**8**	-	-	**20,607,458**	19,260,908	**20,292,103**	24,063,808	**40,899,561**	43,324,716
Stock-in-trade	**9**	-	-	**425,331,995**	329,339,515	**469,127,694**	319,972,611	**894,459,689**	649,312,126
Trade debts	**10**	-	13,907,840	**38,614,721**	33,421,262	**212,501,567**	131,726,456	**251,116,288**	179,055,558
Other unallocated corporate assets								**207,721,553**	182,888,665
Total assets as per balance sheet								**4,116,630,259**	3,674,675,277
Segment creditors		-	-	**50,358,456**	25,660,548	**56,404,746**	24,978,246	**106,763,202**	50,638,794
Unallocated corporate liabilities								**2,201,993,713**	1,812,714,546
Total liabilities as per balance sheet								**2,308,756,915**	1,863,353,340

44.4 REVENUE FROM MAJOR PRODUCTS AND SERVICES

	Notes	2017 Rupees	2016 Rupees
Fabric export sales		**1,490,730,340**	700,086,373
Yarn export sales		**738,901,350**	631,027,929
Fabric local sales		**1,083,379,435**	1,621,154,205
Yarn local sales		**571,287,602**	340,192,423
Waste local sales		**74,208,525**	72,424,084
Cotton seed local sales		**89,741,708**	78,790,453
Revenue from manufacturing		**4,048,248,960**	3,443,675,467
Revenue from processing		**7,623,690**	11,876,545
	29	**4,055,872,650**	3,455,552,012
Revenue from trading	**32**	**10,963,176**	2,663,016
Total revenue		**4,066,835,826**	3,458,215,028

SEGMENT REPORTING - continued

	2017 Rupees	2016 Rupees
44.5 REVENUE FROM MAJOR CUSTOMERS		
Revenue from top thirty (30) customers of the Company in each segment is as follows:		
Ginning	**89,741,708**	78,790,453
Spinning	**1,087,934,715**	757,757,425
Weaving	**2,178,909,620**	1,453,182,002

Revenue from one (2016: one) of the customers of the Company exceeded 17% (2016: 13%) of the Company's total revenue and amounted to Rs. 690.020 million (2016: Rs. 472.356 million).

45. GEOGRAPHICAL INFORMATION

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

	2017 Rupees	2016 Rupees
Pakistan	**2,900,866,184**	2,127,000,417
America	**60,349,040**	66,809,967
Asia	**640,028,031**	835,475,552
Europe	**465,592,572**	428,929,092
	4,066,835,826	3,458,215,028

All non-current assets of the Company are located and operating in Pakistan.

46. NUMBER OF EMPLOYEES

Permanent employees of the Company as at June 30, 2017 were 530 (2016: 581) and average number of employees during the year were 541 (2016: 626).

47. CAPACITY AND PRODUCTION

		2017	2016
Cotton			
Number of sawgins installed		**10**	10
Total production capacity of sawgins installed (4 months)	***No. of bales***	**20,000**	20,000
Actual production of cotton lint	***No. of bales***	**9,309**	8,752
Yarn			
Number of spindles installed		**24,984**	24,984
Installed capacity after conversion into 20's count (1,095 shifts (2016: 1098 shifts))	**Kgs**	**8,879,889**	8,950,750
Actual production of yarn after conversion into 20's count	**Kgs**	**8,627,955**	8,476,135
Fabric			
Number of looms installed		**191**	163
Number of looms worked		**163**	163
Installed capacity after conversion into 60 picks	**Sq. mtrs**	**50,999,687**	49,999,694
Actual production of fabric after conversion into 60 picks	**Sq. mtrs**	**44,436,955**	43,162,755

CAPACITY AND PRODUCTION - continued

It is difficult to describe precisely the production capacity in Ginning, Spinning and Weaving Mills since it fluctuates widely depending on various factors such as quality of cotton, count of yarn spun, spindles speed twist, the width and construction of fabric woven etc. It also varies according to the pattern of production adopted in a particular year. Underutilization of capacities is due to electricity shut down, availability of raw material and normal repair & maintenance.

48. RECLASSIFICATION

Comparative figures in these financial statements have been reclassified where necessary for the purpose of comparison. However, no material re-arrangements have been made in these financial statements.

49. DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 04, 2017 by the Board of Directors of the Company.

50. GENERAL

Figures have been rounded-off to the nearest Pakistani Rupee except stated otherwise.

Sd/-	Sd/-	Sd/-
Mian Muhammad Pervez	Muhammad Haris	Sh. Muhammad Naeem
Chief Executive Officer	Director	Chief Financial Officer

PATTERN OF SHAREHOLDING

1. Incorporation Number **0020650**
2. Name of Company **Ahmad Hassan Textile Mills Limited**
3. Pattern of holding the shares held by shareholders as at **30.06.2017**

ORDINARY SHARES

Number of ShareHolders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
127	1 -	100	6,687	0.05
417	101 -	500	190,777	1.32
100	501 -	1000	65,812	0.46
45	1001 -	5000	93,904	0.65
4	5001 -	10000	22,261	0.15
4	10001 -	15000	45,930	0.32
1	25001 -	30000	27,500	0.19
1	60001 -	65000	64,000	0.44
1	65001 -	70000	70,000	0.49
1	70001 -	75000	71,400	0.50
1	80001 -	85000	83,593	0.58
2	150001 -	155000	300,431	2.09
1	175001 -	180000	177,131	1.23
1	210001 -	215000	214,400	1.49
1	275001 -	280000	276,513	1.92
3	430001 -	435000	1,296,000	8.99
2	445001 -	450000	900,000	6.25
1	475001 -	480000	476,500	3.31
2	500001 -	505000	1,004,485	6.97
1	540001 -	545000	541,879	3.76
1	580001 -	585000	583,577	4.05
3	645001 -	650000	1,942,734	13.48
1	765001 -	770000	766,800	5.32
1	800001 -	805000	804,540	5.58
1	895001 -	900000	895,865	6.22
1	910001 -	915000	913,009	6.34
1	2570001 -	2575000	2,572,520	17.85
725			**14,408,248**	**100.00**

Categories of Shareholders
As at 30-Jun-2017

Code	Category	No Of Share Holders	Shares Held	% of Capital
1	Directors/Sponsors	10	7,100,929	49.2838
2	Financial Institutions	3	5,013	0.0348
5	Joint Stock Companies	7	4,808	0.0334
10	Individual	701	6,297,763	43.7094
11	NIT & ICP	1	200	0.0014
14	Mutual Fund	1	913,009	6.3367
15	Pension Fund	1	83,593	0.5802
17	Benevolent Fund	1	2,933	0.0204
	GRAND TOTAL:	**725**	**14,408,248**	**100**

Categories Detail

As At :30-Jun-2017

Catagory Name

Sr No.	Folio/(Par ID-A/C No.)	Name	CNIC/Passport No.	Shares Held	% Total Capital
Benevolent Fund				**2,933**	**0.0204**
1	CDC-87 (03277-82127)	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST		2,933	0.0204
Directors/Sponsors				**7,100,929**	**49.2838**
2	3	MIAN MOHAMMAD JAVED ANWAR	36302-0305999-5	71,400	0.4955
3	5	SALMA JAVED	36302-0297319-8	804,540	5.5839
4	7	MIAN MOHAMMAD PARVEZ	36302-6002308-1	766,800	5.3220
5	9	MUHAMMAD HARIS	36302-0324913-9	276,513	1.9191
6	10	MOHAMMAD AURENGZEB	36302-3584411-1	647,578	4.4945
7	33	MOHAMMAD JAHANZEB	36302-8910522-5	647,578	4.4945
8	CDC-107 (03525-54113)	MUHAMMAD HARIS	36302-0324913-9	2,572,520	17.8545
9	CDC-111 (03525-76212)	MIAN MUHAMMAD JAVED	36302-0305999-5	450,000	3.1232
10	CDC-112 (03525-76229)	MUHAMMAD AURANGZEB	36302-3584411-1	432,000	2.9983
11	CDC-113 (03525-79159)	MUHAMMAD JAHANZEB	36302-8910522-5	432,000	2.9983
Financial Institutions				**5,013**	**0.0348**
12	6196	NATIONAL BANK OF PAKISTAN		500	0.0035
13	7019	NATIONAL BANK OF PAKISTAN		4,000	0.0278
14	CDC-123 (03889-28)	NATIONAL BANK OF PAKISTAN		513	0.0036
Individual				**6,297,763**	**43.7094**
Joint Stock Companies				**4,808**	**0.0334**
716	6897	ADAM LUBRICATS LIMITED.		500	0.0035
717	CDC-21 (01917-41)	PRUDENTIAL SECURITIES LIMITED		50	0.0003
718	CDC-74 (03277-50851)	MASOOD SPINNING MILLS LIMITED		3,500	0.0243
719	CDC-120 (03525-87235)	MAPLE LEAF CAPITAL LIMITED		1	0.0000
720	CDC-122 (03657-25)	CONTINENTAL CAPITAL MANAGEMENT (PVT) LTD		50	0.0003
721	CDC-124 (03939-12463)	CAPITAL VISION SECURITIES PVT LIMITED		75	0.0005
722	CDC-147 (04564-25)	S.Z. SECURITIES (PRIVATE) LIMITED		632	0.0044
Mutual Fund				**913,009**	**6.3367**
723	CDC-213 (14902-21)	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		913,009	6.3367
NIT & ICP				**200**	**0.0014**
724	7106	INVESTMENT CORP. OF PAKISTAN		200	0.0014
Pension Fund				**83,593**	**0.5802**
725	CDC-82 (03277-78335)	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		83,593	0.5802
		Grand Total:		**14,408,248**	**100**


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SECP

FORM OF PROXY

I/We, ___________________________ of ______________________, holding Computerized National Identity Card Number _______________________________ and being a member of Ahmad Hassan Textile Mills Limited, hereby appoint ___________________________ of ______________________, holding Computerized National Identity Card Number _______________________________ as my / our proxy to voted for me/us and on my/our behalf at the Annual General / Extraordinary Meeting of the Company, to be held on _________________ and at any adjournment thereof.

As witness my / our hand/seal this _______ day of ______________, 20_____

WITNESSES:

1. Signature _____________________	2. Signature _____________________
Name ___________________________	Name ___________________________
Address _________________________	Address _________________________
CNIC Number _____________________	CNIC Number _____________________

CDC Account Number

Five Rupees
Revenue Stamp

To be signed by above-named shareholder

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC of the appointer and the proxy-holder shall be furnished with the Proxy Form.
4. The proxy-holder shall produce his original CNIC at the time of meeting.
5. In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form.

Electronic Dividend Mandate Form

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP vide Circular Number 18 of 2017 dated August 01, 2017, has presently waived this condition till October 31, 2017. Any dividend payable after this due date shall be paid in the manner prescribed only.

Shareholders are requested to sent the attached Form duly filled and signed, along with attested copy of their CNIC to the Company's Share Registrar, M/s Vision Consulting Ltd., 3-C, LDA Flats, 1st Floor, Lawrence Road, Lahore. CDC shareholders are requested to submit their Dividend Mandate Form and attested copy of CNIC directly to their broker (participant)/ CDC.

I hereby communicate to receive my future dividends directly in my Bank Account as detailed below:

Name of shareholder ______________________________

Folio Number/CDC Account No. ______________ of Ahmad Hassan Textile Mills Limited

Contact number of shareholder ______________________________

Title of Account ______________________________

IBAN (*) ______________________________

Name of Bank ______________________________

Bank branch ______________________________

Mailing Address of Branch ______________________________

CNIC No. (attach attested copy) ______________________________

NTN (in case of corporate entity) ______________________________

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company informed in case of any changes in the said particulars in future.

______________________ ______________________

Shareholder's Signature Date

NOTES:

* Please provide complete IBAN (International Bank Account Number), after checking with your concerned Bank branch to enable electronic credit directly into your bank account.