



of Companies

38th Annual Report 2017

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED


BHANERO TEXTILE *of Companies* MILLS LIMITED

Vision

A Premier Quality Company, Providing Quality Products

And Maintaining An Excellent Level Of Ethical

And Professional Standards.



Mission Statement

To become a leading manufacturer of textile products in the

International & Local markets and to explore new era to

Achieve the highest level of success.


BHANERO TEXTILE *of Companies* MILLS LIMITED

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BHANERO TEXTILE *of Companies* MILLS LIMITED

CORPORATE INFORMATION

| | | |
|---|---|---|
| Board of Directors | Mr. Khurrum Salim Mr. Bilal Sharif Mr. Mohammad Amin Mr. Adil Shakeel Mr. Mohammad Salim Mr. Mohammad Sharif Mr. Mohammad Shaheen Mr. Hamza Shakeel Mr. Iqbal Mehboob | Chief Executive / Director Non Executive Director Non Executive Director Non Executive Director Executive Director Non Executive Director Non Executive Director / Chairman Non Executive Director Independent Director |
| Chief Financial Officer | Mr. Anwar Hussain, FCA | |
| Company Secretary | Asim Mirza, ACMA, CPA(Aust) | |
| Audit Committee | Mr. Bilal Sharif Mr. Hamza Shakeel Mr. Iqbal Mehboob | Chairman Member Member |
| Human Resource and Remuneration Committee | Mr. Bilal Sharif Mr. Mohammad Amin Mr. Hamza Shakeel | Chairman Member Member |
| Auditors | M/s Mushatq and Company Chartered Accountants 407, Commerce Centre, Hasrat Mohani Road, Karachi | |
| Legal Advisor | Mr. Shahid Pervaiz Jami | |
| Bankers | Bank Alfalah Limited Dubai Islamic Bank Faysal Bank Ltd. Habib Bank Limited MCB Bank Limited Meezan Bank Limited Samba Bank Limited United Bank Limited | |
| Share Registrar | Hameed Majeed Associated (Private) Limited 5th Floor Karachi Chamber, Karachi | |
| Registered Office | Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, Pakistan Tel : 021 35115177 - 80 ; Fax: 021 -35063002-3 Email: khioff@umergroup.com Website: http://www.umergroup.com | |
| Liaison / Correspondence office | 9th Floor, City Towers, 6-K, Main Boulevard Gulberg - II, Lahore, Pakistan Tel : 042 111 130 130 ; Fax: 042 -35770015 Email: lhroff@umergroup.com Website: http://www.umergroup.com | |
| Mills At: | Unit I is situated at: Kotri Distric Dadu, Sindh. Tel : 0223 870013 Unit II and Unit III are situated at: Feroz Watwan, Sheikhpura, Punjab. Tel: 056 3731723 | |



BHANERO TEXTILE *of Companies* MILLS LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 38th Annual General Meeting of the members of **Bhanero Textile Mills Limited** will be held on Friday 27th October 2017 at 4:00 PM., at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

Ordinary Business

1. To confirm the minutes of the Extra Ordinary General Meeting held on 31st January 2017.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2017 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividend @ 368.0% (i.e. PKR 36.80 per share) for the year ended 30th June, 2017, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2017-2018 and fix their remuneration. The retiring auditors M/S Mushtaq and Company, Chartered Accountants, being eligible, offer themselves for reappointment.
5. To transact any other business with the permission of the chairman.

(By the order of the Board)

Karachi:

Date: 27th September 2017

Asim Mirza
Company Secretary

NOTES:

1. The Shares Transfer Books of the Company will remain closed from 21st October 2017 to 27th October, 2017 (both days inclusive). Transfers received in order at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 19th October 2017 will be treated in time for the purpose of entitlement of dividend in respect of the period ended 30th June, 2017.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person other than a member shall act as proxy.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the company at least 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.
4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D. numbers, 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. The account/ sub account holders of CDC will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.
5. As instructed by Securities and Exchange Commission of Pakistan (SECP) vide their letter No. EMD/D-II/Misc/2009-1342 dated April 4, 2013 dividend warrants cannot be issued without insertion of CNIC Numbers; therefore, all shareholders holding physical shares were requested to submit copies of their valid CNICs as requested by our letters and also through advertisement in newspapers. All those shareholders who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/National Tax numbers along with the folio numbers to the Company's Share Registrar. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC numbers failing, which we will not be responsible if we are not able to pay the dividends.



BHANERO TEXTILE *of Companies* MILLS LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

6. Section 242 of Companies Act 2017 which states that, "Any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders". In compliance of section 242 SECP issued a circular CLD/CCD/PR(11)/2017 No.18/2017 dated 1-Aug-17 requiring listed companies to obtain electronic dividend mandate from the Shareholders.

In this regard we request all registered shareholders to provide the bank details in order to credit their cash dividends directly to their bank account, if declared. Also provide us verification of bank detail with your concern bank and submit to in case of book-entry securities in CDS, to CDS participants and in case of physical securities to the Company's Share Registrar.

7. In compliance of section 244 of Companies Act 2017 and SECP circular No. CLD/CCD/PR(11)/2017 Direction No.16 of 2017 dated 7-July -2017 regarding dividends, shares or modaraba certificates remains unclaimed or unpaid for a period of three years from the date it is due or payable shall be vested with Federal Government after complying the requirements of Companies Act 2017.

In this regard, the said shareholders are requested to approach the Company Registered Office or Share Registrar Office with regard to any unclaimed dividend, shares or modaraba certificates.

8. Members are requested to immediately inform of any change in their addresses to our share Registrar, Hameed Majeed Associates (Private) Limited.
9. Pursuant to Notification vide SRO787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.umergroup.com. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.
10. Pursuant to the provisions of the Finance Act 2017 effective July 1, 2017, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:
- For filer of income tax return 15%
 - For non-filers of income tax return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to Hameed Majeed Associates (Private) Limited, by the first day of Book Closure.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing.



BHANERO TEXTILE *of Companies* MILLS LIMITED

CHAIRMAN'S REVIEW REPORT

Review Report by Chairman on Board's overall performance u/s 192 of Companies Act, 2017.

As per requirement of Code of Corporate Governance, an annual evaluation of Board of Directors of **Bhanero Textile Mills Limited** is carried out.

The purpose of said appraisal is to evaluate whether the Board as a whole discharged its responsibility diligently in the best interest of shareholders and other stakeholders.

The Board has recently completed its annual self-evaluation for the year ended 30 June, 2017 and I am pleased to report that: The Board has exercised its powers and has performed its duties as envisaged in the repealed Companies Ordinance 1984 (now Companies Act 2017) and the Code of Corporate Governance ("the Code") contained in the Rule Book of Pakistan Stock Exchange (the Rule Book) where the Company is Listed.

The Board during the year ended 30 June, 2017 played effective role in managing the affairs of the company in the following manner;

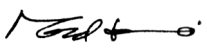
- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as laid down in Code of Corporate Governance. Moreover, Board ensured that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company;
- The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective Terms of References (ToR) and has assigned adequate resources so that the committees are able to perform their responsibilities diligently in line with the expectation of Board.
- The Board has developed and put in place the rigorous mechanisms for an annual evaluation of Boards own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically so that areas where improvements are required are duly considered and action plans are framed.
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and directors on the Board have already taken certification under Directors Training Program and the remaining directors meet the qualification and experience criteria of the Code;
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board remain updated with respect to achievement of Company's objectives, goals, strategies and financial performance through review of reports from management, internal auditors and other consultants as a result the Board the was able to provide effective leadership to company;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured the hiring, evaluation and compensation of Chief Executive and other Key Executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit;
- The Board has ensured that sound system of internal controls are in place and appropriateness and effectiveness of same is considered by internal auditors on regular basis;

Based on aforementioned it can reasonably be argued that Board of Bhanero Textile Mills has played instrumental role in ensuring that corporate objectives are achieved in line with the expectation of shareholders and other important stakeholders.

Karachi:
Date: September 27th, 2017



Khurram Salim
Chief Executive



Mohammad Salim
Chairman



BHANERO TEXTILE *of Companies* MILLS LIMITED

Directors' Report

The Directors of **Bhanero Textile Mills Limited** have pleasure in presenting before you annual report together with auditors' report and Financial Statements of the Company for the year ended 30th June, 2017.

Financial Results

Financial results of company for the year ended to June 30, 2017 are as under

| | 2017 | 2016 |
|--------------------------------------|--------------------|--------------------|
| | Rupees | Rupees |
| Sales | 6,837,254,892 | 6,637,411,409 |
| Gross profit | 754,283,974 | 684,364,410 |
| Profit before taxation | 369,244,572 | 321,195,265 |
| Taxation | | |
| Current year | 72,619,736 | 86,842,509 |
| Prior year | (1,159,756) | - |
| Deferred | 22,048,062 | 14,002,812 |
| | 93,508,042 | 100,845,321 |
| Profit after taxation | 275,736,530 | 220,349,944 |
| Basic and diluted earnings per share | 91.91 | 73.45 |

Financial Performance

By the blessing of Allah-Al Mighty, company earned profit after tax of PKR 275.736 million during the year ended 30 June, 2017(2016:PKR 220.350 million).

Despite challenging business condition attributable to increasing prices of cotton and yarn, the company sales increased from PKR 6,637.411 million in previous year to PKR6,837.254 million in current year. During the year under review Company experienced sharp increase of 10% in distribution mainly due to 22% increase in export related distribution cost.

The Company earned gross profit of PKR 754.283 million during the year as compared to PKR 684.364 in previous year. The growth in gross profit is mainly attributable to tight control over production overhead costs.

Economic Overview of Textile Sector in Pakistan

The year under review was another challenging year for the company. During the year number of external factors including low demand of yarn and fabrics internationally, availability of Indian yarn at cheaper rate and higher conversion cost. Further, the artificial appreciation of Pakistani currency and increasing cost of gas depict by levy of GIDC adversely affected the profitability of company. However, extensive efforts by the team combined with strong business relationships with the customers and financial institutions, enabled us to achieve marginal growth in turnover.

Financing Structure

The Company is financed by mix of equity and debt. The financial strength of company may be gauged with the fact that shareholder equity stood at PKR 3,886.302million as on 30th June, 2017 which meant growth of 6.78% in total equity. Despite increase in gearing ratio from 0.11 to 0.3 the company is still low geared. The short term liquidity of company is quite stable as reflected by current ratio of 2.90.

It is pertinent to mention that JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned initial entity rating to Bhanero Textile Mills Limited at A+/A1 (Single A Plus/AOne). Outlook on the assigned rating is 'Stable'. The said rating is testimonial of company's financial strength.

Dividend

The board of directors is pleased to recommend a final cash dividend of 368% i.e PKR 36.80 per share (2016 :@ 100% i.e PKR 10) in line with the recommendation of Audit Committee for the approval shareholders in forthcoming annual general meeting to be held on 27th of October, 2017.



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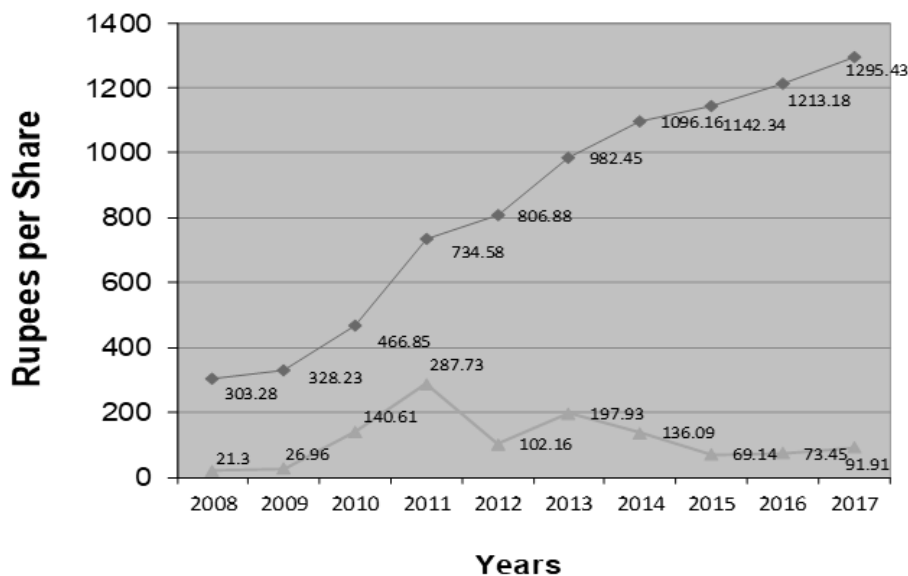
Cash flow Management

The Company has established treasury department which is equipped with team of professionals who are entrusted with the responsibility to manage company cash flow under the oversight provided by directors' of company.

The company is able to meet its short term and long term commitments pertaining to loans. During the year no default was noted in repayment of loan which substantiates our earlier claim.

Breakup Value & Earning Per Share

The company has shown its firm commitment towards shareholders as reflected through increase in earnings per share of company from PKR 73.45 to PKR 91.91, resulting in more value to shareholders wealth. The breakup value of share has increased to PKR 1,295 as compare to PKR 1,213.18 during the last year.



Future outlook

With the present economic conditions that are expected to prevail for foreseeable period the company aims to develop and implement measures that will enable the company to minimize the adverse effect.

Given reforms announced by government, a sizeable cotton crop is anticipated in the country at the modest price. We foresee during the coming season cotton price shall remain stable in line with the expectation of international market.

After long spell of depressed yarn market for Pakistan yarn both locally and internationally due to higher cost of production it seems that the market taking turn around. Taking advantage of new cotton crop and reliefs in markup rate by SBP against long term finance facilities we expect improvement in over profitability in textile sector.

We feel, in today's highly competitive global environment, the textile sector in Pakistan needs to upgrade its supply chain, improve productivity, and maximize value-addition to be able to survive I global market.

Expansion Plan

Production capacity of Bhanero Textile Mills Limited is being enhanced through installation of further 10,800 spindles with necessary back up process. The installation work is currently underway and we expect the same shall be completed by start of November, 2017.

Compliance with Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed.



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Statement on Corporate and Financial Reporting Framework

The Directors of your Company are aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Rules of the Pakistan Stock Exchange Limited under instructions from the Securities & Exchange Commission of Pakistan. As a part of the compliance of the code, we confirm the following:

- These 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.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control was sound in design and has been effectively implemented and monitored.
- There were no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have prepared and circulated a Code of Conduct and business strategy among directors and employees.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- Five directors of the Company had already completed Directors' Training Program (DTP). In addition three directors met the criteria of exemption under Code of Corporate Governance. Therefore eight directors of the Company were in compliance of the Code of Corporate Governance in respect of Directors' Training Program (DTP). The DTP of recently appointed director Mr.Hamza Shakeel in place of Mr.Shakeel is scheduled in October'2017.
- As required by the Code of Corporate Governance, we have included the following information in this report:
 - Statement of pattern of shareholding has been given separately.
 - Statement of shares held by associated undertakings and related persons.
 - Statement of the Board meetings held during the year and attendance by each director has been given separately.
 - Key operating and financial statistics for last six years.
- Information about taxes and levies had been adequately disclosed in the annexed audited financial statements.
- No trading in the Company's shares was carried by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children except as disclosed in pattern of shareholding.

Audit Committee

The primary purpose of an audit committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations. The committee reviews the results of the audit with management and external auditors, including matters required to be communicated to the committee as required by the code of corporate governance. Interim and annual financial statements were reviewed by the audit committee before the approval of board of directors.

Material changes and commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of financial year of the Company to which the balance sheet relates and the date of report of directors' report



BHANERO TEXTILE *of Companies* MILLS LIMITED

Financial statements

As required under listing regulations of stock exchanges the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the board of directors and the board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company, Mushtaq & Company, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30th June 2017 and clean review report on Statement of Code of Corporate Governance. These reports are attached with the financial statements.

Pattern of Shareholding

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

Board and Audit Committee Meetings

The number of board and audit committee meetings held during the year 2016-17 was four. The attendance of the directors and members are as under:

| Name of Directors | Committees | | | | | |
|----------------------|--------------------|----------|--------------------|----------|---------------------------------|----------|
| | Board of Directors | | Audit | | Human Resource and Remuneration | |
| | Eligible to attend | Attended | Eligible to attend | Attended | Eligible to attend | Attended |
| Mr. Mohammad Salim | 4 | 4 | - | - | - | - |
| Mr. Mohammad Sharif | 4 | 4 | - | - | - | - |
| Mr. Mohammad Shaheen | 4 | 4 | - | - | - | - |
| Mr. Mohammad Shakeel | 2 | 2 | 2 | 2 | 1 | 1 |
| Mr. Khurram Salim | 4 | 4 | - | - | - | - |
| Mr. Bilal Sharif | 4 | 4 | 4 | 4 | 2 | 2 |
| Mr. Mohammad Amin | 4 | 4 | - | - | 2 | 2 |
| Mr. Adil Shakeel | 4 | 4 | - | - | - | - |
| Mr. Hamza Shakeel | 2 | 2 | 2 | 2 | 1 | 1 |
| Mr. Iqbal Mehboob | 4 | 4 | 4 | 4 | - | - |

Accounting Standards

The accounting policies of the Company fully reflect the requirements of the Companies Ordinance 1984 and such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this Ordinance as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Auditors

The present auditors M/s Mushtaq & Co., Chartered Accountants shall retire on the conclusion of the annual general meeting. Being eligible, they have offered themselves for re-appointment. The audit committee has suggested the appointment of M/s Mushtaq & Co., Chartered Accountants, as external auditor for the year ended 30th June 2018. The external auditors M/s Mushtaq & Co., Chartered Accountants have been given satisfactory rating under the quality review program of the Institute of Chartered Accountants of Pakistan and the firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan. The Board of Directors also recommended the appointment of M/s Mushtaq & Co., Chartered Accountants, as external auditor for the year ended 30th June 2018.



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Human Resource and Remuneration Committee

The human resource and remuneration committee has established sound and effective employees' development programme. Human Resource focused on two key areas: improving productivity / efficiency in the Company and enhancing the quality of our workforce. The Company has employed experienced and qualified human resources to meet the challenges ahead. Company also plans to strengthen its team, use employee performance evaluation methods to further strengthen organization structure and effectiveness.

Acknowledgement

I am highly indebted to Board of Directors, valued shareholders, customers, bankers, suppliers and other stakeholders for their support, trust and confidence. I also appreciate to all employees for their loyalty dedication and hard work which enabled the Company to achieve its objectives.

For and on behalf of the Board of Directors

Khurram Salim
Chief Executive

Mohammad Salim
Director

Karachi:

Date: 27th September 2017

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407-Commerce Centre Hasrat Mohani Road Karachi-74200 Tel: 32638521-4 Fax: 32639843
Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626
Email: Address: mustaq_vohra@hotmail.com



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innovation • quality • excellence

REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of 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 **Bhanero 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 Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not 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 part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all the risks and control 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 audit committee, places 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 requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

MUSHTAQ & COMPANY
Chartered Accountants

Lahore:
Date: 27th September 2017

Engagement Partner:
Zahid Hussain Zahid,
ACA



BHANERO TEXTILE *of Companies* MILLS LIMITED

**STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE
OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2017**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Limited for purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner.

1. The company encourages representation of independent non executive directors and directors representing minority interest on its Board of Directors. At present the board includes;

| Category | Name |
|-------------------------|---|
| Independent Director | Mr. Iqbal Mehboob |
| Executive Directors | Mr. Khurram Salim Mr. Mohammad Salim |
| Non Executive Directors | Mr. Bilal Sharif Mr. Mohammad Amin Mr. Adil Shakeel Mr. Mohammad Sharif Mr. Hamza Shakeel Mr. Mohammad Shaheen |

The independent director meets the criteria of independence under clause 5.19.1 (b) of the Code of Corporate Governance.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged one training program for its directors during the year.

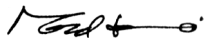

BHANERO TEXTILE *of Companies* MILLS LIMITED

**STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE
OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2017**

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 Code 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 Code.
15. The board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom all are non-executive directors and the chairman of the committee is a non-executive director.
18. The board has set up an effective internal audit function.
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 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. We confirm that all other material principles enshrined in the Code have been complied with.

On and on behalf of the Board of Directors


Khurram Salim
Chief Executive


Mohammad Salim
Director

Karachi:
Date: 27th September 2017

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407-Commerce Centre Hasrat Mohani Road Karachi-74200 Tel: 32638521-4 Fax: 32639843

Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626

Email: Address: mustaq_vohra@hotmail.com



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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of Bhanero 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 purpose 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 the 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 verifications, we report that;

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, 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 profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

MUSHTAQ & COMPANY
Chartered Accountants

Engagement Partner:
Zahid Hussain Zahid,
ACA

Karachi:

Date: 27th September 2017



BHANERO TEXTILE *of Companies* MILLS LIMITED

**Balance Sheet
As At June 30, 2017**

| | Note | 30 th June, 2017 Rupees | 30 th June, 2016 Rupees |
|---|------|--|--|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized capital | | | |
| 6,000,000 (2016: 6,000,000) ordinary shares of Rs.10 each | | 60,000,000 | 60,000,000 |
| Issued, subscribed and paid up capital | 5 | 30,000,000 | 30,000,000 |
| Reserves | 6 | 3,700,000,000 | 3,500,000,000 |
| Unappropriated profit | | 156,302,336 | 109,552,719 |
| | | 3,886,302,336 | 3,639,552,719 |
| NON CURRENT LIABILITIES | | | |
| Long term financing - secured | 7 | 428,761,793 | 348,587,741 |
| DEFERRED LIABILITIES | 8 | 278,979,329 | 223,970,193 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 532,820,510 | 408,214,348 |
| Accrued markup / interest | 10 | 14,259,426 | 7,426,523 |
| Short term borrowings - secured | 11 | 676,558,383 | - |
| Current portion of long term financing | 12 | 77,463,948 | 77,463,948 |
| | | 1,301,102,267 | 493,104,819 |
| CONTINGENCIES AND COMMITMENTS | 13 | | |
| TOTAL EQUITY AND LIABILITIES | | 5,895,145,725 | 4,705,215,472 |

The annexed notes from 1 to 49 form an integral part of these financial statements.

Karachi:
Date: 27th September 2017



Khurram Salim
Chief Executive



BHANERO TEXTILE *of Companies* MILLS LIMITED

Balance Sheet As At June 30, 2017

| | Note | 30 th June, 2017 Rupees | 30 th June, 2016 Rupees |
|---|------|--|--|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 14 | 2,029,939,532 | 1,957,647,010 |
| Capital work in progress | 15 | 54,912,334 | 719,555 |
| Long term deposit | 16 | 26,205,436 | 26,205,436 |
| | | 2,111,057,302 | 1,984,572,001 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 17 | 69,783,783 | 66,372,037 |
| Stock in trade | 18 | 2,713,408,274 | 1,742,764,490 |
| Trade debts | 19 | 544,451,299 | 413,601,508 |
| Loans and advances | 20 | 31,620,577 | 91,805,586 |
| Trade deposits and short term prepayments | 21 | 67,443,307 | 68,002,935 |
| Other receivables | 22 | 2,976,269 | 17,221,232 |
| Income tax refundable | 23 | 120,557,596 | 109,065,600 |
| Sales tax refundable | 24 | 194,061,359 | 146,524,408 |
| Cash and bank balances | 25 | 39,785,959 | 65,285,675 |
| | | 3,784,088,423 | 2,720,643,471 |
| TOTAL ASSETS | | 5,895,145,725 | 4,705,215,472 |

Mohammad Salim
Director



BHANERO TEXTILE *of Companies* MILLS LIMITED

Profit and Loss Account For The Year Ended June 30, 2017

| | Note | 30th June, 2017 Rupees | 30th June, 2016 Rupees |
|--|-------------|--|--|
| Sales | 26 | 6,837,254,892 | 6,637,411,409 |
| Cost of sales | 27 | 6,082,970,918 | 5,953,046,999 |
| Gross profit | | 754,283,974 | 684,364,410 |
| Other income | 28 | 5,782,592 | 4,316,027 |
| | | 760,066,566 | 688,680,437 |
| Distribution cost | 29 | 155,460,123 | 140,890,674 |
| Administrative expenses | 30 | 124,305,833 | 130,835,628 |
| Other operating expenses | 31 | 23,992,355 | 25,930,132 |
| Finance cost | 32 | 87,063,683 | 69,828,738 |
| | | 390,821,994 | 367,485,172 |
| Profit before tax | | 369,244,572 | 321,195,265 |
| Provision for taxation | 33 | | |
| Current tax - current year | | 72,619,736 | 86,842,509 |
| Current tax - prior year | | (1,159,756) | - |
| Deferred | | 22,048,062 | 14,002,812 |
| | | 93,508,042 | 100,845,321 |
| Profit after taxation for the year | | 275,736,530 | 220,349,944 |
| Earnings per share - basic and diluted | 34 | 91.91 | 73.45 |

The annexed notes from 1 to 49 form an integral part of these financial statements.

Khurram Salim
Chief Executive

Mohammad Salim
Director

Karachi:

Date: 27th September 2017



BHANERO TEXTILE *of Companies* MILLS LIMITED

Statement of Comprehensive Income For The Year Ended June 30, 2017

| | 30th June, 2017 Rupees | 30th June, 2016 Rupees |
|---|--|--|
| Profit after taxation for the year | 275,736,530 | 220,349,944 |
| Other comprehensive income | | |
| Items that may be reclassified subsequently to profit and loss | | |
| Items that will not be reclassified subsequently to profit and loss | | |
| Actuarial gain on remeasurement of employees retirement benefits - gratuity | 8.1.2 1,254,616 | 25,991,525 |
| Related deferred tax on remeasurement of employees retirement benefits - gratuity | (241,529) | (3,815,124) |
| | 1,013,087 | 22,176,401 |
| Total comprehensive income for the year | 276,749,617 | 242,526,345 |

The annexed notes from 1 to 49 form an integral part of these financial statements.

Khurram Salim
Chief Executive

Mohammad Salim
Director

Karachi:

Date: 27th September 2017



BHANERO TEXTILE *of Companies* MILLS LIMITED

Statement of Changes in Equity For The Year Ended June 30, 2017

| | Share capital | General reserve | Unappropriated profits | Total |
|--|-------------------|----------------------|------------------------|----------------------|
| | Rupees | | | |
| Balance as at June 30, 2015 | 30,000,000 | 3,300,000,000 | 97,026,374 | 3,427,026,374 |
| Total comprehensive income for the year | - | - | 242,526,345 | 242,526,345 |
| Transfer to general reserve | - | 200,000,000 | (200,000,000) | - |
| Final dividend paid for the year ended June 30, 2015 at the rate of PKR 10.0 per share | - | - | (30,000,000) | (30,000,000) |
| Balance as at June 30, 2016 | 30,000,000 | 3,500,000,000 | 109,552,719 | 3,639,552,719 |
| Total comprehensive income for the year | - | - | 276,749,617 | 276,749,617 |
| Final dividend paid for the year ended June 30, 2016 at the rate of PKR 10.0 per share | - | - | (30,000,000) | (30,000,000) |
| Transfer to general reserve | - | 200,000,000 | (200,000,000) | - |
| Balance as at June 30, 2017 | 30,000,000 | 3,700,000,000 | 156,302,336 | 3,886,302,336 |

The annexed notes from 1 to 49 form an integral part of these financial statements.

Khurram Salim
Chief Executive

Mohammad Salim
Director

Karachi:

Date: 27th September 2017



BHANERO TEXTILE *of Companies* MILLS LIMITED

Cash Flow Statement For The Year Ended June 30, 2017


| | 30 th June, 2017 Rupees | 30 th June, 2016 Rupees |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 369,244,572 | 321,195,265 |
| Adjustments for: | | |
| Depreciation on property, plant and equipment | 185,752,115 | 195,400,169 |
| Provision for staff retirement benefits - gratuity | 59,583,839 | 44,008,890 |
| Provision for bad debts | 119,747 | 2,148,876 |
| Infrastructure fee | 15,428,117 | 10,340,469 |
| (Gain) on disposal of property, plant and equipment | (1,521,562) | (611,037) |
| Finance cost | 87,063,683 | 69,828,738 |
| Operating cash flows before changes in working capital | 715,670,511 | 642,311,370 |
| Working capital changes | | |
| (Increase)/decrease in current assets | | |
| Inventories | (974,055,530) | (231,546,138) |
| Trade debts | (130,969,538) | 56,556,529 |
| Loans and advances | 60,185,009 | 59,241,947 |
| Trade deposits | 559,628 | (26,590,152) |
| Other receivables | 14,244,963 | (2,876,473) |
| Sales tax refundable | (47,536,951) | (96,042,513) |
| | (1,077,572,419) | (241,256,800) |
| Increase in trade and other payables | 124,570,247 | (9,238,144) |
| Cash generated by operations | (237,331,661) | 391,816,426 |
| Finance cost paid | (80,230,780) | (75,746,510) |
| Staff retirement benefits - gratuity paid | (41,037,795) | (35,633,310) |
| Income taxes paid | (82,951,976) | (68,333,342) |
| | (204,220,551) | (179,713,162) |
| Net cash generated from operating activities | (441,552,212) | 212,103,264 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | 4,591,890 | 1,807,487 |
| Purchase of property, plant and equipment | (315,307,744) | (71,548,660) |
| Net cash used in investing activities | (310,715,854) | (69,741,173) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payment of long term financing | (77,463,948) | (224,189,013) |
| Proceeds from long term financing | 157,638,000 | - |
| Short term borrowings - net | 676,558,383 | - |
| Dividend paid | (29,964,085) | (29,958,430) |
| Net cash from / (used in) financing activities | 726,768,350 | (254,147,443) |
| Net increase / (decrease) in cash and cash equivalents | (25,499,716) | (111,785,352) |
| Cash and cash equivalents at the beginning of the year | 65,285,675 | 177,071,027 |
| Cash and cash equivalents at the end of the year | 39,785,959 | 65,285,675 |

The annexed notes from 1 to 49 form an integral part of these financial statements.

Karachi:

Date: 27th September 2017


Khurram Salim
Chief Executive


Mohammad Salim
Director



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2017

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Bhanero Textile Mills Limited ("the Company") was incorporated on 30th March 1980 as a public limited company in Pakistan under Companies Ordinance, 1984 and is quoted on Pakistan Stock Exchanges Limited. The registered office of the Company is located at Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area Karachi.
- 1.2 The company is principally engaged in manufacturing and sales of yarn and fabric. The production facilities are located at Kotri, District Dadu in the province of Sindh and Feroz Watwan, District Sheikhpura in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for derivative financial instruments that are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest Rupee.

2.4 Use Of Estimates And Judgments

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

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

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 44 to these financial statements.

2.5 Standards, interpretations and amendments to published approved accounting standards

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year :

Following standards, amendments and interpretations are effective for the year beginning on or after January 1, 2016. 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.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2017

- ❑ Amendments to IAS 38 Intangible Assets and IAS 16 Property, plant and equipment (effective for periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are highly correlated, or when the intangible asset is expressed as a measure of revenue. The Company's policy is already in line with these amendments.
- ❑ IAS 19, 'Employee Benefits' This amendment as part of Annual improvements 2014 clarifies that when determining the discount rate for post-employment obligation, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The Company's policy is already in line with this change.
- ❑ Amendments to IAS 1, 'Presentation of financial statements are made in the context of the IASB's disclosure initiative, which explores how financial statements disclosure can be improved. The amendments provide clarifications on a number of issues, including:
 - Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
 - Notes – confirmation that the notes do not need to be presented in a particular order.
 - Disaggregation and subtotals – line items specify in IAS 1 may need to be disaggregated where this is relevant to understandability of entities' financial position and performance.
 - Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.
- ❑ The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.5.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company

- ❑ IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.
- ❑ IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2017

- IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.
- Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 1, 2017. The amendment clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have a material impact on the Company's financial statements.
- Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.
- There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the company and therefore have not been presented here.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.2 Employee benefits

Short term employees benefits

The company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post retirement benefits

Defined benefit plans

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Actuarial gains and losses are recognized in comprehensive income for the period in which these arise.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2017

3.3 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.4 Provisions

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

3.5 Trade and other payables

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

3.6 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

3.7 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment, except freehold and leased hold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2017

Depreciation

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note except for equipment and other assets. Equipment and other assets are depreciated over the period of three years. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is material.

The gain or loss on disposal 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.

Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leased assets

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Depreciation is charged on the same basis as used for owned assets.

Financial charges are allocated to accounting period in a manner so as to provide a constant rate of charge on outstanding liability.

3.8 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.9 Investments

Investment available for sale

Investment available for sale are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in equity through comprehensive income. Gains or losses on available-for-sale investments are recognized in equity through comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

3.10 Derivative financial instruments

The Company enters into derivative financial instruments, which include future contracts. Derivatives are initially recorded at cost and are remeasured to fair value on subsequent reporting dates. The fair value of a derivative is the equivalent of the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other receivables and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet. The resultant gains and losses from derivatives held for trading purposes are included in income currently. No derivative is designated as hedging instrument by the Company.

3.11 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.



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Notes to the financial statements For the year ended June 30, 2017

3.12 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows;

| | |
|------------------|---|
| Raw material | At weighted average cost or replacement cost which ever is lower |
| Work in progress | At average manufacturing cost |
| Finished goods | At average manufacturing cost or net realizable value which ever is lower |
| Waste | Net realizable value |

Valuation of raw material, work in process and finished goods as on 30th June 2017 have been valued at lower of cost and net realizable value as per the requirement of IAS 2.

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.13 Trade debts and other receivables

These are carried at original invoice amount less provisions for any uncollectible amount. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

3.15 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the buyer.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

3.16 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.17 Impairment

All company's assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated. Impairment losses are recognized in the profit and loss account currently.

3.18 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences, if any, are taken to profit and loss account.



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Notes to the financial statements For the year ended June 30, 2017

3.19 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.20 Transactions with related party

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Ordinance 1984.

3.21 Segment reporting

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprises mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment Segments reported are Spinning, Weaving and Power Generation, Which also reflects the management structure of company.

4 CAPITAL MANAGEMENT

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further the company is not subject to externally imposed capital requirements.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| 30-Jun-17 | 30-Jun-16 | | 30-Jun-17 | 30-Jun-16 |
|------------------|------------------|--|-------------------|-------------------|
| Number of shares | | | Rupees | Rupees |
| 1,762,500 | 1,762,500 | Ordinary shares of PKR 10 each allotted for consideration'- fully paid in cash | 17,625,000 | 17,625,000 |
| 1,237,500 | 1,237,500 | Ordinary shares of Rs 10. each allotted as bonus shares | 12,375,000 | 12,375,000 |
| 3,000,000 | 3,000,000 | | 30,000,000 | 30,000,000 |

5.1 Associated company holds 500,600 (2016: 500,600) ordinary shares of Rs. 10 each in the company.

6 RESERVES

| | | |
|-----------------------------------|----------------------|----------------------|
| General reserve - Revenue reserve | 3,700,000,000 | 3,500,000,000 |
| | 3,700,000,000 | 3,500,000,000 |

7 LONG TERM FINANCING - SECURED

From Financial Institutions

| | Note | LTFE Loans | Non - LTFE Loans | 30-Jun-17 Rupees | 30-Jun-16 Rupees |
|-----------------------------------|------|------------|------------------|---------------------|---------------------|
| Bank Al Habib Limited - Term Loan | 7.01 | 16,100,000 | - | 16,100,000 | - |
| Bank Al Habib Limited - Term Loan | 7.02 | 11,500,000 | - | 11,500,000 | - |
| MCB Bank Limited - Term Fianance | 7.03 | 81,200,000 | - | 81,200,000 | - |
| MCB Bank Limited - Term Fianance | 7.04 | 10,970,000 | - | 10,970,000 | - |
| MCB Bank Limited - Term Fianance | 7.05 | - | 20,621,000 | 20,621,000 | - |



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Notes to the financial statements For the year ended June 30, 2017

| | Note | LTFE Loans | Non - LTFE Loans | 30-Jun-17 Rupees | 30-Jun-16 Rupees |
|---|------|--------------------|--------------------|---------------------|---------------------|
| MCB Bank Limited - Term Finance | 7.06 | - | 17,247,000 | 17,247,000 | - |
| Meezan Bank Limited - Term Finance Loan | 7.07 | - | 91,955,998 | 91,955,998 | 112,390,666 |
| Meezan Bank Limited - Term Finance Loan | 7.08 | - | 9,912,093 | 9,912,093 | 12,114,781 |
| Meezan Bank Limited - Term Finance Loan | 7.09 | - | 70,551,568 | 70,551,568 | 86,229,696 |
| Meezan Bank Limited - Term Finance Loan | 7.10 | - | 176,168,082 | 176,168,082 | 215,316,546 |
| | | 119,770,000 | 386,455,741 | 506,225,741 | 426,051,689 |
| Less: current maturity | | | | | |
| Bank Al Habib Limited - Term Loan | 7.01 | - | - | - | - |
| Bank Al Habib Limited - Term Loan | 7.02 | - | - | - | - |
| MCB Bank Limited - Term Finance | 7.03 | - | - | - | - |
| MCB Bank Limited - Term Finance | 7.04 | - | - | - | - |
| MCB Bank Limited - Term Finance | 7.05 | - | - | - | - |
| MCB Bank Limited - Term Finance | 7.06 | - | - | - | - |
| Meezan Bank Limited - Term Finance Loan | 7.07 | - | 20,434,668 | 20,434,668 | 20,434,668 |
| Meezan Bank Limited - Term Finance Loan | 7.08 | - | 2,202,688 | 2,202,688 | 2,202,688 |
| Meezan Bank Limited - Term Finance Loan | 7.09 | - | 15,678,128 | 15,678,128 | 15,678,128 |
| Meezan Bank Limited - Term Finance Loan | 7.10 | - | 39,148,464 | 39,148,464 | 39,148,464 |
| | | - | 77,463,948 | 77,463,948 | 77,463,948 |
| | | 119,770,000 | 308,991,793 | 428,761,793 | 348,587,741 |

| | Security | Repayment | Markup on LTF | Markup Rates on NON- LTF |
|------|--|--|------------------|-----------------------------------|
| 7.01 | Hypothecation charge on plant and machinery of PKR 267.0 million of unit III located at Ferrozwatton, Sheikhpura-Faisalabad Road, Sheikhpura. | Repayable in thirty two quarterly installments, commencing from February 22, 2019. | 2.4% (2016: Nil) | - |
| 7.02 | Covered under securities for term finance 7.01 | Repayable in thirty two quarterly installments, commencing from April 20, 2019. | 2.4% (2016: Nil) | - |
| 7.03 | Hypothecation charge on plant and machinery of PKR 1,200.0 million of unit II located at Ferrozwatton, Sheikhpura-Faisalabad Road, Sheikhpura. | Repayable in thirty two quarterly installments, commencing from April 30, 2019. | 2.4% (2016: Nil) | - |
| 7.04 | Covered under securities for term finance 7.03 | Repayable in thirty two quarterly installments, commencing from July 07, 2019. | 2.4% (2016: Nil) | - |
| 7.05 | Covered under securities for term finance 7.03 | Repayable in thirty two quarterly installments, commencing from July 26, 2019. | - | 3 Months KIBOR + 0.4% (2016: Nil) |
| 7.06 | Covered under securities for term finance 7.03 | Repayable in thirty two quarterly installments, commencing from August 31, 2019. | - | 3 Months KIBOR + 0.4% (2016: Nil) |



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Notes to the financial statements For the year ended June 30, 2017

| | Security | Repayment | Markup on LTF | Markup Rates on NON- LTF |
|------|--|--|---------------|--|
| 7.07 | Hypothecation charge on plant and machinery of PKR 666.7 million of unit II located at Ferrozwatton, Sheikhpura-Faisalabad Road, Sheikhpura. | Repayable in twenty four quarterly installments, commencing from January 15, 2016. | - | 3 Months KIBOR + 0.65% (2016: 3 Months KIBOR + 0.65%) |
| 7.08 | Covered under securities for term finance 7.07 | Repayable in twenty four quarterly installments, commencing from January 15, 2016. | - | 3 Months KIBOR + 0.65% (2016: 3 Months KIBOR + 0.65%) |
| 7.09 | Covered under securities for term finance 7.07 | Repayable in twenty four quarterly installments, commencing from January 15, 2016. | - | 3 Months KIBOR + 0.65% (2016: 3 Months KIBOR + 0.65%) |
| 7.10 | Covered under securities for term finance 7.07 | Repayable in twenty four quarterly installments, commencing from January 15, 2016. | - | 3 Months KIBOR + 0.65% (2016: 3 Months KIBOR + 0.65%) |

| | Note | 30-Jun-17 Rupees | 30-Jun-16 Rupees |
|---|-------|---------------------|---------------------|
| 8 DEFERRED LIABILITIES | | | |
| Staff retirement benefits - gratuity | 8.1 | 131,861,347 | 114,569,919 |
| Deferred taxation | 8.2 | 81,046,238 | 58,756,647 |
| Infrastructure fee payable | 8.3 | 66,071,744 | 50,643,627 |
| | | <u>278,979,329</u> | <u>223,970,193</u> |
| 8.1 Staff retirement benefits - gratuity | | | |
| 8.1.1 Movement in net liability recognized in the balance sheet | | | |
| Present value of defined benefits obligation - at the beginning of the year | | 114,569,919 | 132,185,864 |
| Charged to profit and loss account and comprehensive income | 8.1.2 | 58,329,223 | 18,017,365 |
| Benefits paid during the year | | (41,037,795) | (35,633,310) |
| Present value of defined benefits obligation - at the end of the year | | <u>131,861,347</u> | <u>114,569,919</u> |
| 8.1.2 Amount charged to profit and loss account / other comprehensive income | | | |
| Current service cost | | 50,884,119 | 32,000,123 |
| Interest cost | | 8,699,720 | 12,008,767 |
| Remeasurement charged to other comprehensive income | | (1,254,616) | (25,991,525) |
| | | <u>58,329,223</u> | <u>18,017,365</u> |

8.1.3 The company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to income. Actuarial valuation has been carried out by independent valuer as at June 30, 2017 using the projected unit credit method assuming a discount rate of 9.25% (2016: 9%) per annum and expected rate of increase in salaries at 9.25% (2016: 9%) per annum.

8.1.4 There is no unrecognized actuarial loss / gain.



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Notes to the financial statements For the year ended June 30, 2017

8.1.5 Historical information

| | 2017 Rupees | 2016 Rupees | 2015 Rupees | 2014 Rupees | 2013 Rupees |
|--|----------------|----------------|----------------|----------------|----------------|
| Present value of defined benefits obligation | 131,861,347 | 114,569,919 | 114,569,919 | 103,621,394 | 92,004,945 |
| Experience adjustments on plan liabilities | (1,254,616) | (25,991,525) | (25,991,525) | 8,235,989 | 7,670,252 |

8.1.6 Sensitivity analysis of actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

| | Increase in assumption | Decrease in assumption |
|--|---------------------------|---------------------------|
| Discount rate | (14,335,847) | 17,612,066 |
| Expected rate of increase in future salary | 18,051,112 | (14,928,002) |

8.1.7 The expected gratuity expense comprising of service cost and net interest for the year ending 30th June 2018 works out to PKR 49,770,040.

8.1.8 The average duration of defined benefit obligation is 11 years.

8.2 Deferred taxation

Deferred tax liability / (assets) arising in respect of:

Taxable temporary differences

| | 30-Jun-17 Rupees | 30-Jun-16 Rupees |
|--|---------------------|---------------------|
| Accelerated tax depreciation on owned assets | 120,580,421 | 86,399,640 |

Deductible temporary differences

| | | |
|--------------------------------|---------------------|---------------------|
| Provision for employee benefit | (25,384,966) | (16,816,962) |
| Provision for doubtful debts | (14,149,217) | (10,826,031) |
| | (39,534,183) | (27,642,993) |
| | 81,046,238 | 58,756,647 |

8.2.1 Deferred taxation has been recognized as follows

| | | |
|---------------------------------------|-------------------|-------------------|
| Recognized in profit and loss account | 22,048,062 | 14,002,812 |
| Recognized in equity | 241,529 | 3,815,124 |
| | 22,289,591 | 17,817,936 |

8.2.2 Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 30% of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

8.3 This represents amount payable to Excise and Taxation Department, Government of Sindh in respect of infrastructure fee levied through fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006). The Supreme Court in his judgment dated 17th May 2011 has decided that fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006) is valid and hence the levy imposed and collected from the effective date of the fifth version i.e. 28th December 2006 is valid and all imposition and collection before 28th December 2006 are declared to be invalid. The company has now filed petition in Sindh High Court, challenging fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006) regarding levy of infrastructure fee from the 28th December 2006. During the pendency of decision on fifth version of law, Sindh High Court has directed on 31st May 2011 to pay 50% of liability to Excise and Taxation Department,



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Notes to the financial statements For the year ended June 30, 2017

Government of Sindh, and provide bank guarantee of the remaining amount as calculated in accordance with the decision of Supreme Court of Pakistan. Subsequent imports of the company be released against 50% payment infrastructure fee to Excise and Taxation Department, Government of Sindh and furnishing bank guarantee of balance 50% amount. The company has provided bank guarantees amounting to PKR 66.07 Million (June 30, 2016: PKR 50.994 Million) in respect of unpaid infrastructure fee. The company has accrued unpaid infrastructure fee.

| | Note | 30-Jun-17 Rupees | 30-Jun-16 Rupees |
|--|---|---------------------|---------------------|
| 9 TRADE AND OTHER PAYABLES | | | |
| Creditors | 9.1 | 169,267,489 | 210,933,726 |
| Advance from customers & others | | 150,480,498 | 4,629,287 |
| Accrued liabilities | | 135,781,707 | 122,636,434 |
| Workers' Profit Participation Fund | 9.2 | 19,773,556 | 17,379,052 |
| Workers Welfare Fund | | 53,662,017 | 49,562,965 |
| Unclaimed dividend | | 608,803 | 572,888 |
| Others | | 3,246,440 | 2,499,996 |
| | | <u>532,820,510</u> | <u>408,214,348</u> |
| 9.1 | No balance with associated undertaking is outstanding at year end. | | |
| 9.2 Workers' profit participation fund | | | |
| Opening balance | | 17,379,052 | 12,950,625 |
| Interest on funds utilized in the Company's business | 9.2.1 | 2,353,942 | 2,170,495 |
| | | 19,732,994 | 15,121,120 |
| Paid to the fund | | (19,732,994) | (15,099,419) |
| | | - | 21,701 |
| Allocation for the year | 31 | 19,773,556 | 17,357,351 |
| | | <u>19,773,556</u> | <u>17,379,052</u> |
| 9.2.1 | Interest on workers' profit participation fund has been provided @ 75% (2016: 75%) per annum. | | |
| 10 ACCRUED MARKUP / INTEREST | | | |
| Mark-up accrued on secured: | | | |
| - long-term financing | | 6,003,835 | 6,291,558 |
| - short-term borrowings | | 8,255,591 | 1,134,965 |
| | | <u>14,259,426</u> | <u>7,426,523</u> |
| 11 SHORT TERM BORROWINGS - SECURED | | | |
| From banking companies | | | |
| Short term loan | 11.2 | 676,558,383 | - |
| | | <u>676,558,383</u> | <u>-</u> |
| 11.1 | The aggregate approved short term borrowing facilities amounting to PKR 5.115 billion (2016: PKR 5.540 billion). | | |
| 11.2 | These facilities are subject to mark-up ranging from 1 to 3 month KIBOR + spread between 0.05% to 2% (2016: 1 to 3 month KIBOR + spreads between 0.1% to 2%) per annum payable quarterly. These are secured against joint hypothecation charge on stocks and receivables. | | |



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Notes to the financial statements For the year ended June 30, 2017

| | Note | 30-Jun-17 Rupees | 30-Jun-16 Rupees |
|---|------|--------------------------|--------------------------|
| 12 CURRENT PORTION OF LONG TERM BORROWINGS | | | |
| Long-term financing | 7 | <u>77,463,948</u> | <u>77,463,948</u> |
| | | <u>77,463,948</u> | <u>77,463,948</u> |

13 CONTINGENCIES AND COMMITMENTS

Contingencies

13.1 The Company has issued post dated cheques amounting to PKR 306,762,370 (2016: PKR 195,524,563) in favor of Collector of Customs in lieu of custom levies against various statutory notifications. The post dated cheques furnished by the company are likely to be released after the fulfillment of term of related SROs.

13.2 Bank guarantee issued to Sui Northern Gas Pipeline Company Limited amounting to PKR 43.759 Million (2016: PKR 43.759 million).

13.3 Bills discounted 7,824,947 522,200,573

Commitments

Letter of credit (for store, raw material and machinery) 553,734,194 489,656,907

Year Ended June 30, 2017

14 PROPERTY, PLANT AND EQUIPMENT

| PARTICULARS | COST | | | DEPRECIATION | | | | Book value as at June 30, 2017 | Rate | |
|-----------------------------------|------------------------|----------------------------|-----------|------------------------|------------------------|--------------------|---------------------------|-----------------------------------|----------------------|------------------------|
| | As at July 01, 2016 | Additions / (disposals) | Transfers | As at June 30, 2017 | As at July 01, 2016 | For the year | Transfers / (disposal) | | | As at June 30, 2017 |
| | Rupees | | | | | | | | | |
| Company owned | | | | | | | | | | |
| Leasehold land | 433,414 | - | - | 433,414 | - | - | - | - | 433,414 | - |
| Freehold land | 274,500,226 | 32,312,240 | - | 306,812,466 | - | - | - | - | 306,812,466 | - |
| Building on leasehold land | 141,458,337 | 1,231,412 | - | 142,689,749 | 91,252,410 | 4,886,913 | - | 96,139,323 | 46,550,426 | 10% |
| Building on freehold land | 320,707,695 | - | - | 320,707,695 | 213,479,952 | 10,722,774 | - | 224,202,726 | 96,504,969 | 10% |
| Office premises on leasehold land | 30,044,675 | (150,000) | - | 29,894,675 | 15,705,707 | 713,721 | (79,884) | 16,339,544 | 13,555,131 | 5% |
| Office premises on freehold land | 84,248,571 | - | - | 84,248,571 | 37,172,638 | 2,353,797 | - | 39,526,435 | 44,722,136 | 5% |
| Plant and machinery | 3,002,466,931 | 222,428,153 | - | 3,204,974,995 | 1,671,136,617 | 139,246,414 | - | 1,793,323,710 | 1,411,651,285 | 10% |
| | | (19,920,089) | - | | | | | (17,059,321) | | |
| Equipments and other assets | 80,305,235 | - | - | 80,305,235 | 58,079,929 | 12,771,908 | - | 70,851,837 | 9,453,398 | Three years |
| Electric Installation | 74,503,775 | - | - | 74,503,775 | 22,317,141 | 5,144,859 | - | 27,462,000 | 47,041,775 | 10% |
| Gas Line & Pipe | 7,180,289 | - | - | 7,180,289 | 4,710,658 | 246,963 | - | 4,957,621 | 2,222,668 | 10% |
| Cooling towers | 5,223,570 | - | - | 5,223,570 | 3,365,483 | 185,809 | - | 3,551,292 | 1,672,278 | 10% |
| Ventilation system | 1,461,897 | - | - | 1,461,897 | 928,566 | 53,333 | - | 981,899 | 479,998 | 10% |
| Boiler | 18,244,925 | - | - | 18,244,925 | 11,596,635 | 664,829 | - | 12,261,464 | 5,983,461 | 10% |
| Factory equipments | 13,757,029 | - | - | 13,757,029 | 12,122,075 | 160,443 | - | 12,282,518 | 1,474,511 | 10% |
| Furniture and fixtures - Factory | 5,318,108 | - | - | 5,318,108 | 4,284,776 | 103,333 | - | 4,388,109 | 929,999 | 10% |
| Office equipments | 20,245,336 | 3,063,000 | - | 23,308,336 | 16,273,459 | 492,713 | - | 16,766,172 | 6,542,164 | 10% |
| Furniture and fixtures - Office | 872,972 | - | - | 872,972 | 713,639 | 15,933 | - | 729,572 | 143,400 | 10% |
| Vehicles | 99,079,694 | 2,080,160 | - | 98,799,551 | 59,265,984 | 7,988,373 | - | 65,033,498 | 33,766,053 | 20% |
| | | (2,360,303) | - | | | | | (2,220,859) | | |
| June 30, 2017 | <u>4,180,052,679</u> | <u>261,114,965</u> | <u>-</u> | <u>4,418,737,252</u> | <u>2,222,405,669</u> | <u>185,752,115</u> | <u>(19,360,064)</u> | <u>2,388,797,720</u> | <u>2,029,939,532</u> | |
| | <u>-</u> | <u>(22,430,392)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | |



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Notes to the financial statements
For the year ended June 30, 2017

Year Ended June 30, 2016

PROPERTY, PLANT AND EQUIPMENT

| PARTICULARS | COST | | | | DEPRECIATION | | | | Book value as at June 30, 2016 | Rate |
|-----------------------------------|----------------------|-------------------------|--------------------|----------------------|----------------------|--------------------|------------------------|----------------------|--------------------------------|-------------|
| | As at July 01, 2015 | Additions / (disposals) | Transfers | As at June 30, 2016 | As at July 01, 2015 | For the year | Transfers / (disposal) | As at June 30, 2016 | | |
| Rupees | | | | | | | | | | |
| Company owned | | | | | | | | | | |
| Leasehold land | 433,414 | - | - | 433,414 | - | - | - | - | 433,414 | - |
| Freehold land | 254,945,882 | 19,554,344 | - | 274,500,226 | - | - | - | - | 274,500,226 | - |
| Building on leasehold land | 136,730,293 | 4,728,044 | - | 141,458,337 | 85,976,646 | 5,275,764 | - | 91,252,410 | 50,205,927 | 10% |
| Building on freehold land | 320,707,695 | - | - | 320,707,695 | 201,565,757 | 11,914,195 | - | 213,479,952 | 107,227,743 | 10% |
| Office premises on leasehold land | 30,044,675 | - | - | 30,044,675 | 14,951,024 | 754,683 | - | 15,705,707 | 14,338,968 | 5% |
| Office premises on freehold land | 84,248,571 | - | - | 84,248,571 | 34,694,958 | 2,477,680 | - | 37,172,638 | 47,075,933 | 5% |
| Plant and machinery | 2,978,563,507 | 30,364,885 | (4,371,764) | 3,002,466,931 | 1,531,724,943 | 145,656,926 | (4,371,764) | 1,671,136,617 | 1,331,330,314 | 10% |
| | - | (2,089,697) | - | - | - | - | (1,873,488) | - | - | |
| Equipments and other assets | 69,628,698 | 10,676,537 | - | 80,305,235 | 45,079,827 | 13,000,102 | - | 58,079,929 | 22,225,306 | Three years |
| Electric Installation | 73,346,075 | 1,157,700 | - | 74,503,775 | 16,654,227 | 5,662,914 | - | 22,317,141 | 52,186,634 | 10% |
| Gas line and pipe | 7,180,289 | - | - | 7,180,289 | 4,436,255 | 274,403 | - | 4,710,658 | 2,469,631 | 10% |
| Cooling towers | 5,223,570 | - | - | 5,223,570 | 3,159,029 | 206,454 | - | 3,365,483 | 1,858,087 | 10% |
| Ventilation system | 1,461,897 | - | - | 1,461,897 | 869,307 | 59,259 | - | 928,566 | 533,331 | 10% |
| Boiler | 18,244,925 | - | - | 18,244,925 | 10,857,936 | 738,699 | - | 11,596,635 | 6,648,290 | 10% |
| Factory equipment | 13,757,029 | - | - | 13,757,029 | 11,943,805 | 178,270 | - | 12,122,075 | 1,634,954 | 10% |
| Furniture and fixtures - Factory | 5,318,108 | - | - | 5,318,108 | 4,169,961 | 114,815 | - | 4,284,776 | 1,033,332 | 10% |
| Office equipments | 20,245,336 | - | - | 20,245,336 | 15,832,140 | 441,319 | - | 16,273,459 | 3,971,877 | 10% |
| Furniture and fixtures - Office | 872,972 | - | - | 872,972 | 695,935 | 17,704 | - | 713,639 | 159,333 | 10% |
| Vehicles | 96,778,772 | 7,640,340 | - | 99,079,694 | 54,998,179 | 8,626,982 | - | 59,265,984 | 39,813,710 | 20% |
| | - | (5,339,418) | - | - | - | - | (4,359,177) | - | - | |
| June 30, 2016 | 4,117,731,708 | 74,121,850 | (4,371,764) | 4,180,052,679 | 2,037,609,929 | 195,400,169 | (4,371,764) | 2,222,405,669 | 1,957,647,010 | |
| | - | (7,429,115) | - | - | - | - | (6,232,665) | - | - | |

14.1 Equipment and other assets includes assets amounting to PKR 15,710,241 (2016: PKR 15,710,241) which has been fully depreciated.

14.2 Transfer of PKR 4,371,764 in plant and machinery represents elimination of fully depreciated machinery.

14.3 The depreciation charge for the year has been allocated as follows:

| | | June 30, 2017 | June 30, 2016 |
|-------------------------|--------|--------------------|--------------------|
| | Rupees | Rupees | Rupees |
| Cost of sales | 27 | 177,217,551 | 186,272,448 |
| Administrative expenses | 30 | 8,534,564 | 9,127,721 |
| | | <u>185,752,115</u> | <u>195,400,169</u> |

14.4 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Year Ended June 30, 2017

| Description | Cost | Accumulated depreciation | Written down value | Proceeds from disposal of property, plant and equipment | Gain / (loss) on disposal of property, plant and equipment | Mode of disposal | Particulars of buyer |
|---|-------------------|--------------------------|--------------------|---|--|------------------|---|
| | | | | | | | |
| Office premises on lease hold land | | | | | | | |
| Sales office shop | 150,000 | 79,884 | 70,116 | 615,000 | 544,884 | Negotiation | Mr. Arif, Flat no. A-20, Mehran Heights, Block 8, Clifton, Karachi. |
| | 150,000 | 79,884 | 70,116 | 615,000 | 544,884 | | |
| Machinery | | | | | | | |
| Auto coner | 10,000,000 | 8,222,474 | 1,777,526 | 2,226,890 | 449,364 | Negotiation | Mr. Abdul Hafeez; House # 583 Street # 5 Sarfaraz Colony Faisalabad. |
| Card | 9,920,089 | 8,836,847 | 1,083,242 | 1,200,000 | 116,758 | Negotiation | Mr. Zain-Ul-Asif, Faisalabad. |
| | 19,920,089 | 17,059,321 | 2,860,768 | 3,426,890 | 566,122 | | |
| Vehicles | | | | | | | |
| Vehicle LZX-1069 Tahir (Umer Farm) | 560,550 | 514,473 | 46,077 | 150,000 | 103,923 | Negotiation | Mr. Shafqat Ali; House No. 1170, Street no. 12, Makkah Colony, Gulberg III, Lahore. |
| Vehicle LZG-8298 | 1,194,580 | 1,120,442 | 74,138 | 300,000 | 225,862 | Negotiation | Mr. Nadeem Akhter; House No. 104, Main Road Samanabad, Lahore. |
| Vehicle LRB-6497 | 605,173 | 585,944 | 19,229 | 100,000 | 80,771 | Negotiation | Mr. Nadeem Akhter; House No. 104, Main Road Samanabad, Lahore. |
| | 2,360,303 | 2,220,859 | 139,444 | 550,000 | 410,556 | | |
| 30-Jun-17 | 22,430,392 | 19,360,064 | 3,070,328 | 4,591,890 | 1,521,562 | | |



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Notes to the financial statements For the year ended June 30, 2017

Year Ended June 30, 2016

| Description | Cost | Accumulated depreciation | Written down value | Proceeds from disposal of property, plant and equipment | Gain / (loss) on disposal of property, plant and equipment | Mode of disposal | Particulars of buyer |
|------------------------------|------------------|--------------------------|--------------------|---|--|------------------|---|
| | | | | | | | |
| Machinery | | | | | | | |
| Crad | 1,406,030 | 1,216,564 | 189,466 | 191,176 | 1,710 | Negotiation | Mr. Sajjad Ahmad; House no. 38, Street no. 1, Al Masoom Town Faisalabad |
| Ring Frame | 683,667 | 656,924 | 26,743 | 27,311 | 568 | Negotiation | Mr. Sajjad Ahmad; House no. 38, Street no. 1, Al Masoom Town Faisalabad |
| | 2,089,697 | 1,873,488 | 216,209 | 218,487 | 2,278 | | |
| Vehicles | | | | | | | |
| Toyota Corolla - AFB-931 | 860,890 | 814,795 | 46,095 | 70,000 | 23,905 | Negotiation | Mr. Asrar Ahmed; Dahle Post Office Khas, Tahsil and District Bagh. |
| VEH NO LEA 5237 | 45,087 | 25,696 | 19,391 | 15,000 | (4,391) | Negotiation | Mr. Ahmed Ghazali; House No 211, Muhallah Sitara Colony, Lahore. |
| VEH NO LEW 5347 | 930,060 | 812,901 | 117,159 | 300,000 | 182,841 | Negotiation | Mr. M. Javed Sheikh; House No. 83, Muhallah Arif Jan Road Lahore Cantt, Lahore. |
| Motor Cycle - KAY-7135 | 66,586 | 63,215 | 3,371 | 4,000 | 629 | Negotiation | Mr. Mohammad Noor Alam; House no. C-532, Shah Faisal Colony no. 5, Karachi |
| Toyota Corolla - LEA-10-6265 | 1,443,630 | 1,081,748 | 361,882 | 500,000 | 138,118 | Negotiation | Toyota Township, Lahore |
| Honda City - LEC-10-6021 | 1,432,465 | 1,055,519 | 376,946 | 600,000 | 223,054 | Negotiation | Toyota Township, Lahore |
| Suzuki Cultus - LWL-2587 | 560,700 | 505,303 | 55,397 | 100,000 | 44,603 | Negotiation | Mr. Waqas shahzada; House no.574, Block 2, Sector A-II, Township, Lahore |
| | 5,339,418 | 4,359,177 | 980,241 | 1,589,000 | 608,759 | | |
| 30-Jun-16 | 7,429,115 | 6,232,665 | 1,196,450 | 1,807,487 | 611,037 | | |

| | Note | 30-Jun-17 Rupees | 30-Jun-16 Rupees |
|--|--|----------------------|----------------------|
| 15 CAPITAL WORK IN PROGRESS | | | |
| Building and other civil work | | 30,324,305 | 196,281 |
| Machinery | | 24,588,029 | 523,274 |
| | | 54,912,334 | 719,555 |
| 16 LONG TERM DEPOSITS | | | |
| Electricity | | 25,780,160 | 25,780,160 |
| Telephone | | 33,600 | 33,600 |
| Others | | 391,676 | 391,676 |
| | | 26,205,436 | 26,205,436 |
| 17 STORES, SPARES AND LOOSE TOOLS | | | |
| Stores and spares | | 63,206,084 | 60,346,866 |
| Packing material | | 6,577,699 | 6,025,171 |
| | | 69,783,783 | 66,372,037 |
| 17.1 | No item of stores, spares and loose tools is pledged as security as at reporting date. | | |
| 18 STOCK IN TRADE | | | |
| Raw material | 18.1 | 2,184,922,836 | 1,207,439,367 |
| Raw material in transit | | - | 138,616,598 |
| Work in process | | 121,132,743 | 94,151,738 |
| Finished goods | 18.2 | 406,753,538 | 301,878,988 |
| Waste | | 599,157 | 677,799 |
| | | 2,713,408,274 | 1,742,764,490 |

18.1 Raw material stock cost PKR Nil (2016: PKR 417,830,055) have been valued at PKR Nil (2016: PKR 392,518,193) being the replacement cost of raw material. The amount charge to profit and loss in respect of raw material written down to net realizable value is Rs.Nil (2016: PKR 25,311,862)



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Notes to the financial statements For the year ended June 30, 2017

18.2 Finished goods stock cost PKR Nil (2016: PKR 49,564,249) has been valued at PKR Nil (2016: PKR 14,899,222) being the net realizable value of finished goods. The amount charge to profit and loss in respect of finished goods written down to net realizable value is PKR Nil (2016: PKR 34,665,027).

18.3 No item of stock in trade is pledged as security as at reporting date.

| | Note | 30-Jun-17 Rupees | 30-Jun-16 Rupees |
|---|------|---------------------|---------------------|
| 19 TRADE DEBTS | | | |
| Foreign - secured against letter of credit | | 137,489,832 | 20,996,317 |
| Local - unsecured - considered good | | 406,961,467 | 392,605,191 |
| Local - unsecured - considered doubtful | | 68,336,616 | 68,713,878 |
| | | 612,787,915 | 482,315,386 |
| Provision for doubtful debts. | 19.1 | (68,336,616) | (68,713,878) |
| | | <u>544,451,299</u> | <u>413,601,508</u> |
| 19.1 Particulars of Provision for doubtful receivables | | | |
| Provision for bad debts at the beginning of year | | 68,713,878 | 68,175,549 |
| Bad debts provision provided during the year | | - | 1,644,450 |
| Bad debts recovered during the year | | (377,262) | (1,106,121) |
| Provision for bad debts at the end of year | | <u>68,336,616</u> | <u>68,713,878</u> |
| 20 LOANS AND ADVANCES | | | |
| Advances to : | | | |
| Suppliers - Unsecured (considered good) | | 22,055,345 | 80,272,145 |
| Suppliers - Unsecured (considered doubtful) | | 309,001 | 309,001 |
| Employees - Secured (considered good) | | 9,565,232 | 11,533,441 |
| Employees - Un-secured (considered doubtful) | | 1,165,000 | 1,165,000 |
| | | 33,094,578 | 93,279,587 |
| Provision for doubtful advances | 20.1 | (1,474,001) | (1,474,001) |
| | | <u>31,620,577</u> | <u>91,805,586</u> |
| 20.1 Particulars of Provision for doubtful receivables | | | |
| Provision for bad debts at the beginning of year | | 1,474,001 | 1,474,001 |
| Bad debts provision provided during the year | | - | - |
| Bad debts recovered during the year | | - | - |
| Provision for bad debts at the end of year | | <u>1,474,001</u> | <u>1,474,001</u> |
| 21 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS | | | |
| Trade deposits | | 10,000 | - |
| Deposits against infrastructure fees | 21.1 | 67,098,422 | 50,994,654 |
| Prepaid expenses | | 334,885 | 17,008,281 |
| | | <u>67,443,307</u> | <u>68,002,935</u> |
| 21.1 Effective mark up rate on these deposits range from 4.5% to 6% (June 30, 2016: 4.5% to 6%) per annum. | | | |
| 22 OTHER RECEIVABLES - UNSECURED | | | |
| L/C in transit | | - | 11,410,973 |
| KMC refundable - Considered doubtful | | 680,624 | 680,624 |
| Other receivables - Considered good | | 2,976,269 | 5,810,259 |
| | | 3,656,893 | 17,901,856 |
| Provision for doubtful receivables | | (680,624) | (680,624) |
| | | <u>2,976,269</u> | <u>17,221,232</u> |



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Notes to the financial statements For the year ended June 30, 2017

| | 30-Jun-17 Rupees | 30-Jun-16 Rupees |
|---|----------------------|----------------------|
| 23 INCOME TAX REFUNDABLE | | |
| Income tax refundable / Advance income tax | 192,017,576 | 195,908,109 |
| Provision for taxation - Current year | (72,619,736) | (86,842,509) |
| Provision for taxation - Prior years | 1,159,756 | - |
| | <u>(71,459,980)</u> | <u>(86,842,509)</u> |
| | <u>120,557,596</u> | <u>109,065,600</u> |
| 24 SALES TAX REFUNDABLE | | |
| Sales tax and federal excise duty refundable | 194,061,359 | 146,524,408 |
| Federal excise duty and 1% Special excise duty refundable | 3,006,390 | 2,886,643 |
| Provision for non refundable | (3,006,390) | (2,886,643) |
| | - | - |
| | <u>194,061,359</u> | <u>146,524,408</u> |
| 25 CASH AND BANK BALANCES | | |
| Balances with banks on: | | |
| Current accounts | 34,860,694 | 60,158,623 |
| Foreign currency account - current | 4,925,265 | 5,127,052 |
| | <u>39,785,959</u> | <u>65,285,675</u> |
| 26 SALES - NET | | |
| Export | | |
| Yarn | 753,103,986 | 763,867,863 |
| Fabric | 1,896,273,627 | 1,641,939,742 |
| | <u>2,649,377,613</u> | <u>2,405,807,605</u> |
| Export Rebate | 2,646,147 | 492,758 |
| | <u>2,652,023,760</u> | <u>2,406,300,363</u> |
| Local | | |
| Yarn | 3,249,087,868 | 3,201,448,768 |
| Fabric | 865,019,583 | 897,083,012 |
| Cotton and polyester | 16,141,910 | 205,034,865 |
| Scrape | 308,307 | 946,932 |
| Waste and others | 55,336,875 | 48,175,945 |
| | <u>4,185,894,543</u> | <u>4,352,689,522</u> |
| | <u>6,837,918,303</u> | <u>6,758,989,885</u> |
| Discount | (29,876) | (344,122) |
| Sales tax | (633,535) | (121,234,354) |
| | <u>(663,411)</u> | <u>(121,578,476)</u> |
| | <u>6,837,254,892</u> | <u>6,637,411,409</u> |

26.1 Export sales includes exchange gain of PKR 25,679,861 (2016: PKR 46,112,402).



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Notes to the financial statements For the year ended June 30, 2017

| | Note | 30-Jun-17 Rupees | 30-Jun-16 Rupees |
|---|------|----------------------|----------------------|
| 27 COST OF SALES | | | |
| Raw material consumed | 27.1 | 4,075,421,588 | 3,790,022,619 |
| Packing material consumed | | 71,755,627 | 68,518,166 |
| Stores, spares and loose tools | | 164,545,704 | 197,349,324 |
| Salaries, wages and benefits | 27.2 | 637,815,058 | 588,305,423 |
| Fees and subscription | | 349,480 | 158,230 |
| Fuel, power and water | | 952,035,780 | 918,512,706 |
| Insurance | | 18,589,409 | 16,697,830 |
| Vehicle running and maintenance | | 8,826,019 | 7,577,217 |
| Rent, rate and taxes | | 657,590 | 668,835 |
| Repairs and maintenance | | 6,280,643 | 8,677,789 |
| Communication | | 692,070 | 786,764 |
| Traveling and conveyance | | 1,947,903 | 2,022,314 |
| Depreciation | 14.3 | 177,217,551 | 186,272,448 |
| Others | | 2,608,661 | 2,194,748 |
| | | <u>6,118,743,083</u> | <u>5,787,764,413</u> |
| Work in process | | | |
| Opening stock | | 94,151,738 | 96,356,620 |
| Stock burnt during process | | - | (5,729,909) |
| Closing stock | | (121,132,743) | (94,151,738) |
| | | <u>(26,981,005)</u> | <u>(3,525,027)</u> |
| Cost of goods manufactured | | 6,091,762,078 | 5,784,239,386 |
| Cost of raw material sold | 27.3 | 15,900,495 | 225,716,215 |
| Finished stocks | | | |
| Opening stock | | 302,556,787 | 236,878,221 |
| Finished goods purchases | | 80,104,253 | 8,769,964 |
| Cost of finished goods loss by theft | | - | - |
| Closing stock | | (407,352,695) | (302,556,787) |
| | | <u>(24,691,655)</u> | <u>(56,908,602)</u> |
| | | <u>6,082,970,918</u> | <u>5,953,046,999</u> |
| 27.1 Raw material consumed | | | |
| Opening stock | | 1,346,055,965 | 1,178,446,555 |
| Purchases - net | | 4,935,827,018 | 4,181,757,386 |
| | | 6,281,882,983 | 5,360,203,941 |
| Cost of raw material sold | | (21,538,559) | (224,125,357) |
| Closing stock | | (2,184,922,836) | (1,346,055,965) |
| | | <u>4,075,421,588</u> | <u>3,790,022,619</u> |
| 27.2 Salaries, wages and benefits includes employees benefits amounting to PKR 32,895,965 (June 30, 2016: PKR 32,644,319). | | | |
| 27.3 Cost of raw material sold | | | |
| Cost of purchases | | 14,983,075 | 222,943,952 |
| Direct expenses | | 917,420 | 2,772,263 |
| | | <u>15,900,495</u> | <u>225,716,215</u> |



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Notes to the financial statements For the year ended June 30, 2017

| | Note | 30-Jun-17 Rupees | 30-Jun-16 Rupees |
|---|------|---------------------|---------------------|
| 28 OTHER INCOME | | | |
| Income from financial assets | | | |
| Interest income | | 3,030,139 | 1,627,084 |
| Exchange gain on foreign currency accounts | | 185,218 | 256,481 |
| Bad debts recovered | | 377,262 | 1,106,121 |
| | | <u>3,592,619</u> | <u>2,989,686</u> |
| Income from other than financial assets | | | |
| Gain on disposal of property, plant and equipment | | 1,521,562 | 611,037 |
| Rental income | | 668,411 | 715,304 |
| | | <u>2,189,973</u> | <u>1,326,341</u> |
| | | <u>5,782,592</u> | <u>4,316,027</u> |
| 29 DISTRIBUTION COST | | | |
| Export | | | |
| Freight on export sales | | 52,167,041 | 29,137,688 |
| Commission on export sales | | 31,913,527 | 38,054,215 |
| Export development surcharge | | 6,558,644 | 5,977,417 |
| Sales Promotion Expenses | | 1,309,826 | 2,472,202 |
| Others | | 1,714,009 | 1,176,093 |
| | | <u>93,663,047</u> | <u>76,817,615</u> |
| Local | | | |
| Salaries and wages | | 1,134,336 | 1,140,856 |
| Freight on local sales | | 12,087,774 | 14,511,826 |
| Commission on local sales | | 46,885,431 | 46,457,572 |
| Quality claim | | 1,012,020 | 1,213,791 |
| Others | | 677,515 | 749,014 |
| | | <u>61,797,076</u> | <u>64,073,059</u> |
| | | <u>155,460,123</u> | <u>140,890,674</u> |
| 30 ADMINISTRATIVE EXPENSES | | | |
| Directors' remuneration | 36 | 13,600,000 | 9,600,000 |
| Staff salaries and benefits | 30.1 | 65,463,907 | 68,136,098 |
| Traveling, conveyance and entertainment | | 9,504,428 | 10,896,610 |
| Printing and stationery | | 2,922,465 | 3,433,634 |
| Communication | | 2,378,100 | 2,393,745 |
| Vehicles running and maintenance | | 8,605,049 | 7,740,282 |
| Legal and professional | | 2,587,833 | 4,568,140 |
| Auditors' remuneration | 30.2 | 1,547,000 | 1,547,000 |
| Fee and subscription | | 3,266,951 | 4,466,048 |
| Repair and maintenance | | 971,113 | 1,107,807 |
| Depreciation | 14.3 | 8,534,564 | 9,127,721 |
| Rent, rates and utilities | | 1,351,218 | 1,471,005 |
| Donation | 30.3 | 400,000 | 4,900,000 |
| Bad debts | | - | - |
| Software license renewal and maintenance fee | | 1,073,306 | - |
| Others | | 2,099,899 | 1,447,538 |
| | | <u>124,305,833</u> | <u>130,835,628</u> |



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Notes to the financial statements For the year ended June 30, 2017

30.1 Salaries, wages and benefits includes employees benefits amounting to PKR 25,433,258 (June 30, 2016: PKR 11,364,571).

| | Note | 30-Jun-17 Rupees | 30-Jun-16 Rupees |
|---|------|---------------------|---------------------|
| 30.2 Auditors' remuneration | | | |
| Annual statutory audit | | 1,331,000 | 1,331,000 |
| Half yearly review | | 176,000 | 176,000 |
| Code of Corporate Governance review | | 40,000 | 40,000 |
| | | <u>1,547,000</u> | <u>1,547,000</u> |
| 30.3 No director or his spouse had any interest in the donee | | | |
| 31 OTHER OPERATING EXPENSES | | | |
| Workers' Profit Participation Fund | 9.2 | 19,773,556 | 17,357,351 |
| Workers' Welfare Fund | 9 | 4,099,052 | 6,423,905 |
| Provision for non refundable | | 119,747 | 2,148,876 |
| | | <u>23,992,355</u> | <u>25,930,132</u> |
| 32 FINANCE COST | | | |
| Mark-up on: | | | |
| - long-term financing | | 26,743,990 | 42,601,490 |
| - short-term borrowings | | 42,662,672 | 9,245,466 |
| - liabilities against assets subject to finance lease | | - | - |
| - workers' profit participation fund | 9.2 | 2,353,942 | 2,170,495 |
| | | 71,760,604 | 54,017,451 |
| Bank charges and commission | | 2,307,230 | 2,249,700 |
| Letter of credits discounting | | 12,995,849 | 13,561,587 |
| | | <u>87,063,683</u> | <u>69,828,738</u> |
| 33 PROVISION FOR TAXATION | | | |
| Current | | | |
| - for the year | 33.1 | 72,619,736 | 86,842,509 |
| - for prior years | | (1,159,756) | - |
| | | 71,459,980 | 86,842,509 |
| Deferred - current year | 8.2 | 22,048,062 | 14,002,812 |
| Deferred - Prior year - effect of tax rate change | | - | - |
| | | <u>93,508,042</u> | <u>100,845,321</u> |

33.1 Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2016. Tax credit under Section 65 B of Income Tax Ordinance 2001 amounting to PKR 15,138,930 has been deducted from tax payable.

33.2 The Finance Act, 2017 amended Section 5A of the Income Tax Ordinance, 2001, now tax at the rate of 7.5% shall be imposed on every public company that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.

The Board of Directors in their meeting held on September 27, 2017 has distributed sufficient cash dividend for the year ended 30 June 2017 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended June 30, 2017.



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Notes to the financial statements For the year ended June 30, 2017

33.3 Numerical reconciliation between the average tax rate and the applicable tax rate

| | 30-Jun-17 | 30-Jun-16 |
|--|------------------|------------------|
| | % | % |
| Applicable tax rate | 31.00 | 32.00 |
| Tax effect of amounts that are: | | |
| adjustment of the prior years | (0.30) | - |
| income chargeable to tax at different rate | (11.05) | 0.34 |
| deferred tax | 0.06 | (4.35) |
| tax credit | (0.04) | (0.95) |
| | <u>(11.33)</u> | <u>(4.96)</u> |
| Effective tax rate | <u>19.67</u> | <u>27.04</u> |
| | 30-Jun-17 | 30-Jun-16 |
| | Rupees | Rupees |

34 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earning per share of the company which is based on;

Earnings

| | | |
|---|--------------------|--------------------|
| Earnings for the purpose of basic earnings per share (net profit after tax for the year) | <u>275,736,530</u> | <u>220,349,944</u> |
|---|--------------------|--------------------|

Number of shares

| | | |
|--|------------------|------------------|
| Weighted average number of ordinary shares for the purpose of basic earnings per share | <u>3,000,000</u> | <u>3,000,000</u> |
|--|------------------|------------------|

Basic earnings per share have been computed by dividing earnings as stated above with weighted average number of ordinary shares.

| | | | |
|---------------------------------|---------------|--------------|--------------|
| Basic earnings per share | Rupees | <u>91.91</u> | <u>73.45</u> |
|---------------------------------|---------------|--------------|--------------|

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

35 NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

In respect of current period, the board of directors in their meeting held on 27st September, 2017 has proposed to pay cash dividend of @ 368% i.e. PKR 36.80 per ordinary share of PKR 10 each. This dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

36 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR

| | Chief Executive | | Director | | Total | |
|-------------------|------------------|------------------|------------------|------------------|-------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Remuneration | <u>6,800,000</u> | <u>4,800,000</u> | <u>6,800,000</u> | <u>4,800,000</u> | <u>13,600,000</u> | <u>9,600,000</u> |
| Number of persons | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>2</u> | <u>2</u> |

36.1 In addition the Chief Executive, directors are provided with free use of Company maintained cars and telephone for business use.

36.2 No remuneration to non executive directors has been paid.



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Notes to the financial statements For the year ended June 30, 2017

37 Segment Analysis

The segment information for the reportable segments for the year ended 30th June 2017 is as follows:

37.1 Operating Results

| | Spinning | | Weaving | | Power Generation | | Total | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|--------------------|--------------------|
| | 30-Jun-17 | 30-Jun-16 | 30-Jun-17 | 30-Jun-16 | 30-Jun-17 | 30-Jun-16 | 30-Jun-17 | 30-Jun-16 |
| Sales | | | | | | | | |
| Export sales | 753,103,986 | 763,867,863 | 1,896,273,627 | 1,641,939,742 | - | - | 2,649,377,613 | 2,405,807,605 |
| Local sales | 3,307,545,779 | 3,448,349,546 | 878,348,764 | 904,339,976 | - | - | 4,185,894,543 | 4,352,689,522 |
| Custom rebate | 379,071 | - | 2,267,076 | 492,758 | - | - | 2,646,147 | 492,758 |
| Inter-segment sales | 253,719,200 | 283,973,800 | - | - | 119,660,295 | 51,874,200 | 373,379,495 | 335,848,000 |
| | 4,314,748,036 | 4,496,191,209 | 2,776,889,467 | 2,546,772,476 | 119,660,295 | 51,874,200 | 7,211,297,798 | 7,094,837,885 |
| Discount and sales tax | | | | | | | | |
| Discount | (29,876) | (344,122) | - | - | - | - | (29,876) | (344,122) |
| Sales tax | (618,573) | (94,805,190) | (14,962) | (26,429,164) | - | - | (633,535) | (121,234,354) |
| | (648,449) | (95,149,312) | (14,962) | (26,429,164) | - | - | (663,411) | (121,578,476) |
| Net sales | 4,314,099,587 | 4,401,041,897 | 2,776,874,505 | 2,520,343,312 | 119,660,295 | 51,874,200 | 7,210,634,387 | 6,973,259,409 |
| Cost of sales | 3,785,919,077 | 3,875,595,573 | 2,535,163,889 | 2,336,570,164 | 135,267,447 | 77,910,667 | 6,456,350,413 | 6,290,076,404 |
| Gross profit | 528,180,510 | 525,446,324 | 241,710,616 | 183,773,148 | (15,607,152) | (26,036,467) | 754,283,974 | 683,183,005 |
| Distribution cost | 91,282,724 | 95,430,297 | 64,177,399 | 45,460,377 | - | - | 155,460,123 | 140,890,674 |
| Administrative cost | 97,741,464 | 107,376,749 | 26,555,201 | 23,448,693 | 9,168 | 10,186 | 124,305,833 | 130,835,628 |
| | 189,024,188 | 202,807,046 | 90,732,600 | 68,909,070 | 9,168 | 10,186 | 279,765,956 | 271,726,302 |
| Operating result | 339,156,322 | 322,639,278 | 150,978,016 | 114,864,078 | (15,616,320) | (26,046,653) | 474,518,018 | 411,456,703 |
| 37.2 Segment assets | 4,331,443,803 | 3,240,831,537 | 1,086,813,140 | 1,038,484,220 | 68,621,084 | 76,101,336 | 5,486,878,027 | 4,355,417,093 |
| Unallocated assets | | | | | | | 408,267,698 | 349,798,379 |
| | | | | | | | 5,895,145,725 | 4,705,215,472 |
| 37.3 Segment liabilities | 1,637,432,439 | 757,065,323 | 171,019,760 | 163,287,993 | 52,664,405 | 35,336,275 | 1,861,116,604 | 955,689,591 |
| Unallocated liabilities | | | | | | | 147,726,785 | 109,973,162 |
| | | | | | | | 2,008,843,389 | 1,065,662,753 |

37.4 Inter-segment pricing

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. There were no major customer of company which formed 10 percent or more of the company's revenue.

| | 2017 Rupees | 2016 Rupees |
|--|----------------------|----------------------|
| 38 Reconciliation of reportable segment turnover, cost of sales, assets and liabilities | | |
| 38.1 Turnover | | |
| Total turnover for reportable segments | 7,210,634,387 | 6,973,259,409 |
| Elimination of inter-segment turnover | (373,379,495) | (335,848,000) |
| Total turnover | <u>6,837,254,892</u> | <u>6,637,411,409</u> |
| 38.2 Cost of sales | | |
| Total cost of sales for reportable segments | 6,456,350,413 | 6,290,076,404 |
| Elimination of inter-segment revenue | (373,379,495) | (335,848,000) |
| Total cost of sales | <u>6,082,970,918</u> | <u>5,954,228,404</u> |
| 38.3 Assets | | |
| Total assets for reportable segments | 5,486,878,027 | 4,355,417,093 |
| Taxation recoverable | 120,557,596 | 109,065,600 |
| Sales tax refundable | 194,061,359 | 146,524,408 |
| Trade deposits | 67,443,307 | 68,002,935 |
| Long term deposit | 26,205,436 | 26,205,436 |
| Total assets | <u>5,895,145,725</u> | <u>4,705,215,472</u> |



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Notes to the financial statements For the year ended June 30, 2017

| 38.4 Liabilities | 2017 | | 2016 | |
|---|----------------------|--|----------------------|--|
| | Rupees | | Rupees | |
| Total liabilities for reportable segments | 1,861,116,604 | | 955,689,591 | |
| Unclaimed dividends | 608,803 | | 572,888 | |
| Infrastructure fee | 66,071,744 | | 50,643,627 | |
| Deferred taxation | 81,046,238 | | 58,756,647 | |
| Total liabilities | <u>2,008,843,389</u> | | <u>1,065,662,753</u> | |

| | Spinning | | Weaving | | Power Generation | | Total | |
|---|----------------------|----------------------|----------------------|----------------------|--------------------|-------------------|----------------------|----------------------|
| | Note 30-Jun-17 | 30-Jun-16 | 30-Jun-17 | 30-Jun-16 | 30-Jun-17 | 30-Jun-16 | 30-Jun-17 | 30-Jun-16 |
| 39 Cost of sales | | | | | | | | |
| Raw material consumed 39.1 | 2,461,419,292 | 2,313,729,511 | 1,867,721,496 | 1,760,266,908 | - | - | 4,329,140,788 | 4,073,996,419 |
| Packing material consumed | 63,799,427 | 59,938,605 | 7,956,200 | 8,579,561 | - | - | 71,755,627 | 68,518,166 |
| Stores and spare parts | 105,166,276 | 119,345,421 | 54,923,097 | 75,025,043 | 4,456,331 | 2,978,860 | 164,545,704 | 197,349,324 |
| Salaries, wages and benefits | 488,539,559 | 447,053,959 | 145,148,724 | 135,355,619 | 4,126,775 | 5,895,845 | 637,815,058 | 588,305,423 |
| Processing charges | - | - | - | - | - | - | - | - |
| Fees and subscription | 326,480 | 137,230 | 11,000 | 9,000 | 12,000 | 12,000 | 349,480 | 158,230 |
| Fuel, power and water | | | | | | | | |
| Inter-segment | - | - | 119,660,295 | 51,874,200 | - | - | 119,660,295 | 51,874,200 |
| Others | 623,404,284 | 639,548,961 | 212,040,538 | 221,417,147 | 116,590,958 | 57,546,598 | 952,035,780 | 918,512,706 |
| | 623,404,284 | 639,548,961 | 331,700,833 | 273,291,347 | 116,590,958 | 57,546,598 | 1,071,696,075 | 970,386,906 |
| Insurance | 13,093,207 | 11,174,456 | 3,014,237 | 2,917,248 | 2,481,965 | 2,606,126 | 18,589,409 | 16,697,830 |
| Vehicle running and maintenance | 6,317,555 | 5,333,790 | 2,508,464 | 2,147,064 | - | 96,363 | 8,826,019 | 7,577,217 |
| Rent, rates and taxes | 631,390 | 627,275 | 26,200 | 39,740 | - | 1,820 | 657,590 | 668,835 |
| Repair and maintenance | 4,442,996 | 5,804,626 | 1,722,872 | 2,377,678 | 114,775 | 495,485 | 6,280,643 | 8,677,789 |
| Communication | 451,341 | 513,686 | 240,729 | 273,078 | - | - | 692,070 | 786,764 |
| Travelling and conveyance and entertainment | 1,490,374 | 1,593,279 | 378,934 | 320,130 | 78,595 | 108,905 | 1,947,903 | 2,022,314 |
| Depreciation | 103,501,712 | 105,997,585 | 66,377,652 | 72,121,325 | 7,338,187 | 8,153,538 | 177,217,551 | 186,272,448 |
| Raw material impaired | - | - | - | - | - | - | - | - |
| Others | 1,358,385 | 999,626 | 1,182,415 | 1,179,995 | 67,861 | 15,127 | 2,608,661 | 2,194,748 |
| | <u>3,873,942,278</u> | <u>3,711,798,010</u> | <u>2,482,912,853</u> | <u>2,333,903,736</u> | <u>135,267,447</u> | <u>77,910,667</u> | <u>6,492,122,578</u> | <u>6,123,612,413</u> |
| Work in process | | | | | | | | |
| Opening stock | 54,151,130 | 42,709,976 | 40,000,608 | 53,646,644 | - | - | 94,151,738 | 96,356,620 |
| Work in process lost / burnt | - | (5,729,909) | - | - | - | - | - | (5,729,909) |
| Closing stock | (47,115,994) | (54,151,130) | (74,016,749) | (40,000,608) | - | - | (121,132,743) | (94,151,738) |
| | 7,035,136 | (17,171,063) | (34,016,141) | 13,646,036 | - | - | (26,981,005) | (3,525,027) |
| Cost of goods manufactured | <u>3,880,977,414</u> | <u>3,694,626,947</u> | <u>2,448,896,712</u> | <u>2,347,549,772</u> | <u>135,267,447</u> | <u>77,910,667</u> | <u>6,465,141,573</u> | <u>6,120,087,386</u> |
| Cost of raw material sold | 15,900,495 | 225,716,215 | - | 1,181,405 | - | - | 15,900,495 | 226,897,620 |
| Finished stocks | | | | | | | | |
| Opening stock | 190,344,782 | 145,200,365 | 112,212,005 | 91,677,856 | - | - | 302,556,787 | 236,878,221 |
| Finished goods purchased | 12,999,421 | 396,828 | 67,104,832 | 8,373,136 | - | - | 80,104,253 | 8,769,964 |
| Finished goods theft | - | - | - | - | - | - | - | - |
| Closing stock | (314,303,035) | (190,344,782) | (93,049,660) | (112,212,005) | - | - | (407,352,695) | (302,556,787) |
| | (110,958,832) | (44,747,589) | 86,267,177 | (12,161,013) | - | - | (24,691,655) | (56,908,602) |
| | <u>3,785,919,077</u> | <u>3,875,595,573</u> | <u>2,535,163,889</u> | <u>2,336,570,164</u> | <u>135,267,447</u> | <u>77,910,667</u> | <u>6,456,350,413</u> | <u>6,290,076,404</u> |
| 39.1 Raw material consumed | | | | | | | | |
| Opening stock | 1,229,793,854 | 1,115,992,587 | 116,262,111 | 62,453,968 | - | - | 1,346,055,965 | 1,178,446,555 |
| Purchases | | | | | | | | |
| Inter-segment | - | - | 253,719,200 | 283,973,800 | - | - | 253,719,200 | 283,973,800 |
| Others | 3,280,880,243 | 2,650,474,730 | 1,654,946,775 | 1,531,282,656 | - | - | 4,935,827,018 | 4,181,757,386 |
| | 3,280,880,243 | 2,650,474,730 | 1,908,665,975 | 1,815,256,456 | - | - | 5,189,546,218 | 4,465,731,186 |
| Raw material sold - cotton | (14,983,075) | (222,943,952) | - | - | - | - | (14,983,075) | (222,943,952) |
| Raw material impaired | - | - | - | - | - | - | - | - |
| Raw material sold - yarn | - | - | (6,555,484) | (1,181,405) | - | - | (6,555,484) | (1,181,405) |
| Closing stock | (2,034,271,730) | (1,229,793,854) | (150,651,106) | (116,262,111) | - | - | (2,184,922,836) | (1,346,055,965) |
| | <u>2,461,419,292</u> | <u>2,313,729,511</u> | <u>1,867,721,496</u> | <u>1,760,266,908</u> | <u>-</u> | <u>-</u> | <u>4,329,140,788</u> | <u>4,073,996,419</u> |



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Notes to the financial statements For the year ended June 30, 2017

| | Spinning | | Weaving | | Power Generation | | Total | |
|--|-------------------|--------------------|-------------------|-------------------|------------------|---------------|--------------------|--------------------|
| | 30-Jun-17 | 30-Jun-16 | 30-Jun-17 | 30-Jun-16 | 30-Jun-17 | 30-Jun-16 | 30-Jun-17 | 30-Jun-16 |
| 39.2 Cost of raw material sold | | | | | | | | |
| Cost of purchase | 14,983,075 | 222,943,952 | - | 1,181,405 | - | - | 14,983,075 | 224,125,357 |
| Direct expenses | 917,420 | 2,772,263 | - | - | - | - | 917,420 | 2,772,263 |
| | <u>15,900,495</u> | <u>225,716,215</u> | <u>-</u> | <u>1,181,405</u> | <u>-</u> | <u>-</u> | <u>15,900,495</u> | <u>226,897,620</u> |
| 40 Distribution cost | | | | | | | | |
| Export | | | | | | | | |
| Ocean freight and forwarding | 17,618,818 | 13,867,927 | 34,548,223 | 15,269,761 | - | - | 52,167,041 | 29,137,688 |
| Export development surcharge | 1,846,750 | 1,897,713 | 4,711,894 | 4,079,704 | - | - | 6,558,644 | 5,977,417 |
| Commission | 16,515,612 | 21,411,758 | 15,397,915 | 16,642,457 | - | - | 31,913,527 | 38,054,215 |
| Sales Promotion Expenses | 843,088 | 1,520,859 | 466,738 | 951,343 | - | - | 1,309,826 | 2,472,202 |
| Others | 551,255 | 228,642 | 1,162,754 | 947,451 | - | - | 1,714,009 | 1,176,093 |
| | <u>37,375,523</u> | <u>38,926,899</u> | <u>56,287,524</u> | <u>37,890,716</u> | <u>-</u> | <u>-</u> | <u>93,663,047</u> | <u>76,817,615</u> |
| Local | | | | | | | | |
| Salaries and wages | 1,134,336 | 1,140,856 | - | - | - | - | 1,134,336 | 1,140,856 |
| Inland transportation | 12,042,274 | 14,384,226 | 45,500 | 127,600 | - | - | 12,087,774 | 14,511,826 |
| Commission | 39,051,173 | 39,015,711 | 7,834,258 | 7,441,861 | - | - | 46,885,431 | 46,457,572 |
| Quality claim | 1,012,020 | 1,213,791 | - | - | - | - | 1,012,020 | 1,213,791 |
| Others | 667,398 | 748,814 | 10,117 | 200 | - | - | 677,515 | 749,014 |
| | <u>53,907,201</u> | <u>56,503,398</u> | <u>7,889,875</u> | <u>7,569,661</u> | <u>-</u> | <u>-</u> | <u>61,797,076</u> | <u>64,073,059</u> |
| | <u>91,282,724</u> | <u>95,430,297</u> | <u>64,177,399</u> | <u>45,460,377</u> | <u>-</u> | <u>-</u> | <u>155,460,123</u> | <u>140,890,674</u> |
| 41 Administrative cost | | | | | | | | |
| Directors' remuneration | 13,600,000 | 9,600,000 | - | - | - | - | 13,600,000 | 9,600,000 |
| Staff salaries and benefits | 48,570,421 | 57,670,845 | 16,893,486 | 10,465,253 | - | - | 65,463,907 | 68,136,098 |
| Traveling, conveyance and entertainment | 6,893,383 | 5,189,230 | 2,611,045 | 5,707,380 | - | - | 9,504,428 | 10,896,610 |
| Printing and stationery | 2,025,765 | 1,853,482 | 896,700 | 1,580,152 | - | - | 2,922,465 | 3,433,634 |
| Communication | 2,278,484 | 2,292,313 | 99,616 | 101,432 | - | - | 2,378,100 | 2,393,745 |
| Vehicles running and maintenance | 7,067,979 | 6,098,707 | 1,537,070 | 1,641,575 | - | - | 8,605,049 | 7,740,282 |
| Legal and professional | 2,290,333 | 4,115,196 | 297,500 | 452,944 | - | - | 2,587,833 | 4,568,140 |
| Auditors' remuneration | 1,032,000 | 1,032,000 | 515,000 | 515,000 | - | - | 1,547,000 | 1,547,000 |
| Fee and subscription | 2,681,612 | 3,919,246 | 585,339 | 546,802 | - | - | 3,266,951 | 4,466,048 |
| Repair and maintenance | 964,413 | 1,107,807 | 6,700 | - | - | - | 971,113 | 1,107,807 |
| Depreciation | 6,971,754 | 7,056,164 | 1,553,642 | 2,061,371 | 9,168 | 10,186 | 8,534,564 | 9,127,721 |
| Rent, rates and utilities | 1,351,218 | 1,471,005 | - | - | - | - | 1,351,218 | 1,471,005 |
| Donation | 250,000 | 4,900,000 | 150,000 | - | - | - | 400,000 | 4,900,000 |
| Software license renewal and maintenance fee | - | - | 1,073,306 | - | - | - | 1,073,306 | - |
| Others | 1,764,102 | 1,070,754 | 335,797 | 376,784 | - | - | 2,099,899 | 1,447,538 |
| | <u>97,741,464</u> | <u>107,376,749</u> | <u>26,555,201</u> | <u>23,448,693</u> | <u>9,168</u> | <u>10,186</u> | <u>124,305,833</u> | <u>130,835,628</u> |

42 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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 arms length transaction. As at June 30, 2017 the net fair value of all financial instruments has been based on the valuation methodology outlined below:-

Long-term deposits

Long term deposits does not carry any rate of return. The fair value of it has been taken at book value as it is not considered materially different and readily exchangeable.



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Notes to the financial statements For the year ended June 30, 2017

Non-current liabilities

For all non-current liabilities the fair values have been taken at book values as these are not considered materially different based on the current market rates of return and reprising profiles of similar non-current liabilities.

Other financial instruments

The fair values of all other financial instruments are considered to approximate their book values as they are short term in nature.

The analysis of yield / mark-up rate risk is as under:

| 2017 | | | | | | | |
|--|---|----------------------|--|---|--------------------|--------------------|------------------------------------|
| Interest / Markup bearing | | | Non Interest / Markup bearing | | | Total Rupees | Effective Interest Rate % |
| Maturity Upto One year Rupees | Maturity After One year Rupees | Subtotal Rupees | Maturity Upto One year Rupees | Maturity After One year Rupees | Subtotal Rupees | | |
| Financial assets | | | | | | | |
| Trade debts | - | - | - | 544,451,299 | - | 544,451,299 | 544,451,299 |
| Loans and advances | - | - | - | 10,730,232 | - | 10,730,232 | 10,730,232 |
| Trade deposits | 67,098,422 | - | 67,098,422 | 10,000 | - | 10,000 | 67,108,422 |
| Other receivables | - | - | - | 2,976,269 | - | 2,976,269 | 2,976,269 |
| Cash and bank balances | - | - | - | 39,785,959 | - | 39,785,959 | 39,785,959 |
| Long term deposits | - | - | - | - | 26,205,436 | 26,205,436 | 26,205,436 |
| | <u>67,098,422</u> | <u>-</u> | <u>67,098,422</u> | <u>597,953,759</u> | <u>26,205,436</u> | <u>624,159,195</u> | <u>691,257,617</u> |
| Financial liabilities | | | | | | | |
| Long-term financing | 77,463,948 | 428,761,793 | 506,225,741 | - | - | - | 506,225,741 |
| Trade and other payables | 19,773,556 | - | 19,773,556 | 513,046,954 | - | 513,046,954 | 532,820,510 |
| Accrued markup / interest | - | - | - | 14,259,426 | - | 14,259,426 | 14,259,426 |
| Short-term borrowings | 676,558,383 | - | 676,558,383 | - | - | - | 676,558,383 |
| | <u>773,795,887</u> | <u>428,761,793</u> | <u>1,202,557,680</u> | <u>527,306,380</u> | <u>-</u> | <u>527,306,380</u> | <u>1,729,864,060</u> |
| On balance sheet gap | <u>(706,697,465)</u> | <u>(428,761,793)</u> | <u>(1,135,459,258)</u> | <u>70,647,379</u> | <u>26,205,436</u> | <u>96,852,815</u> | <u>(1,038,606,443)</u> |
| Contingencies and commitments | | | | | | | |
| Post dated cheques | | | | | | | 306,762,370 |
| Bill discounted | | | | | | | 7,824,947 |
| Guarantees (Note 8.3 and Note 13.2) | | | | | | | 110,858,097 |
| Letters of credit | | | | | | | 553,734,194 |
| Civil work | | | | | | | - |

| 2016 | | | | | | | |
|--|---|--------------------|--|---|--------------------|--------------------|------------------------------------|
| Interest / Markup bearing | | | Non Interest / Markup bearing | | | Total Rupees | Effective Interest Rate % |
| Maturity Upto One year Rupees | Maturity After One year Rupees | Subtotal Rupees | Maturity Upto One year Rupees | Maturity After One year Rupees | Subtotal Rupees | | |
| Financial assets | | | | | | | |
| Trade debts | - | - | - | 413,601,508 | - | 413,601,508 | 413,601,508 |
| Loans and advances | - | - | - | 12,698,441 | - | 12,698,441 | 12,698,441 |
| Trade deposits | 50,994,654 | - | 50,994,654 | - | - | - | 50,994,654 |
| Other receivables | - | - | - | 17,221,232 | - | 17,221,232 | 17,221,232 |
| Bank balances | - | - | - | 65,285,675 | - | 65,285,675 | 65,285,675 |
| Long-term deposits | - | - | - | - | 26,205,436 | 26,205,436 | 26,205,436 |
| | <u>50,994,654</u> | <u>-</u> | <u>50,994,654</u> | <u>508,806,856</u> | <u>26,205,436</u> | <u>535,012,292</u> | <u>586,006,946</u> |



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2017

2016

| | Interest / Markup bearing | | | Non Interest / Markup bearing | | | Total Rupees | Effective Interest Rate % |
|--------------------------------------|--|---|----------------------|--|---|--------------------|----------------------|------------------------------------|
| | Maturity Upto One year Rupees | Maturity After One year Rupees | Subtotal Rupees | Maturity Upto One year Rupees | Maturity After One year Rupees | Subtotal Rupees | | |
| Financial liabilities | | | | | | | | |
| Long-term financing | 77,463,948 | 348,587,741 | 426,051,689 | - | - | - | 426,051,689 | 8.85 to 15.3 and KIBOR + 0.65 |
| Trade and other payables | 17,379,052 | - | 17,379,052 | 390,835,296 | - | 390,835,296 | 408,214,348 | |
| Mark-up accrued on loans | - | - | - | 7,426,523 | - | 7,426,523 | 7,426,523 | |
| Short-term borrowings | - | - | - | - | - | - | - | KIBOR + 0.1 to 2 |
| | <u>94,843,000</u> | <u>348,587,741</u> | <u>443,430,741</u> | <u>398,261,819</u> | <u>-</u> | <u>398,261,819</u> | <u>841,692,560</u> | |
| On balance sheet gap | <u>(43,848,346)</u> | <u>(348,587,741)</u> | <u>(392,436,087)</u> | <u>110,545,037</u> | <u>26,205,436</u> | <u>136,750,473</u> | <u>(255,685,614)</u> | |
| Contingencies and commitments | | | | | | | | |
| Post dated cheques | | | | | | | 195,524,563 | |
| Bill discounted | | | | | | | 522,200,573 | |
| Guarantees (Note 8.3 and Note 13.2) | | | | | | | 94,754,329 | |
| Letters of credit | | | | | | | 489,656,907 | |
| Civil work | | | | | | | - | |

42.1 Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Changes in interest rates can affect the rates charged on interest bearing liabilities. This can result in an increase in interest expense relative to financial borrowings or vice versa. The Company manages its risk by interest rate swapping, maintaining a fair balance between interest rates and financial assets and financial liabilities. The effective interest rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

42.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Out of the total financial assets of PKR 691,380,331 (June 30, 2016: PKR 586,006,946), unsecured local trade debts, advances to suppliers, and other receivables amounting in aggregate to PKR 558,280,514 (June 30, 2016: PKR 443,521,181) are subject to credit risk. The Company manages its credit risk by; limiting significant exposure to any individual customers and obtaining advance against sales.

42.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The 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.

42.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2016, the total foreign currency risk exposure was PKR 142,415,097 (June 30, 2016: PKR 26,123,369) in respect of foreign trade debts.

42.5 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 arms' length transaction.

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

42.6 Credit risk

42.6.1 Maximum credit exposure

The carrying amount of financial assets, excluding cash in hand, represents maximum credit exposure. The maximum exposure to credit risk as at the reporting date is:



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2017

| | June 30, 2017 Rupees | June 30, 2016 Rupees |
|---|-------------------------|-------------------------|
| Loans and receivables: | | |
| Long term deposits | 26,205,436 | 26,205,436 |
| Trade debts | 544,451,299 | 413,601,508 |
| Loan and advances | 8,400,232 | 10,368,441 |
| Refundable trade deposits | 67,108,422 | 50,994,654 |
| Other receivables | 2,976,269 | 17,221,232 |
| Cash at banks | 39,785,959 | 65,285,675 |
| | <u>688,927,617</u> | <u>583,676,946</u> |
| 42.6.2 Concentration of credit risk | | |
| Maximum exposure to credit risk by geographical region as at the reporting date is: | | |
| Domestic | 475,298,083 | 461,319,069 |
| Europe | 85,996,980 | 13,777,763 |
| United States of America | - | - |
| Asia and Middle East | 51,421,716 | 7,218,554 |
| Other regions | - | - |
| | <u>612,716,779</u> | <u>482,315,386</u> |
| Impairment | <u>(68,336,616)</u> | <u>(68,713,878)</u> |
| | <u>544,380,163</u> | <u>413,601,508</u> |
| 42.6.3 Aging and movement in Impairment losses | | |
| The aging of receivables as at the reporting date is as follows: | | |
| Not past due | 327,378,020 | 455,693,111 |
| Past due less than one year | 217,073,279 | 2,051,395 |
| Past due more than one year but less than three years | - | 24,570,880 |
| Past due more than three years | 68,336,616 | 68,713,878 |
| | <u>612,787,915</u> | <u>551,029,264</u> |
| Impairment | <u>(68,336,616)</u> | <u>(68,713,878)</u> |
| | <u>544,451,299</u> | <u>482,315,386</u> |
| The movement in allowance for impairment in respect of loans and receivables during the year is as follows: | | |
| As at beginning of the year | 68,713,878 | 68,175,549 |
| Impairment loss recognized | - | 1,644,450 |
| Impairment loss reversed | (377,262) | (1,106,121) |
| As at end of the year | <u>68,336,616</u> | <u>68,713,878</u> |

Credit quality of counter parties is assessed based on historical default rates. All loans and receivables not past due are considered good. The management believes that allowance for impairment of loans and receivables past due is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

42.6.4 Collateral held

The Company does not hold collateral to secure its loans and receivables. However, foreign trade receivables of the Company are secured through letters of credits and exposure to credit risk in respect of these is minimal.



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Notes to the financial statements For the year ended June 30, 2017

42.7 Liquidity risk

Following are the contractual maturities of financial liabilities, including estimated interest payments

| | As at June 30, 2017 | | | | |
|---------------------------|---------------------------|----------------------------------|----------------------------|-----------------------------|--------------------------------|
| | Carrying amount Rupees | Contractual cash flows Rupees | One year or less Rupees | One to five years Rupees | More than five years Rupees |
| Long term financing | 506,225,741 | 594,264,069 | 104,993,521 | 492,109,874 | 102,154,195 |
| Short term borrowings | 676,558,383 | 603,399,441 | 603,399,441 | - | - |
| Accrued markup / interest | 14,259,426 | 14,259,426 | 14,259,426 | - | - |
| Trade creditors | 169,267,489 | 169,267,489 | 169,267,489 | - | - |
| Accrued liabilities | 135,781,707 | 135,781,707 | 135,781,707 | - | - |
| Unclaimed dividend | 608,803 | 608,803 | 608,803 | - | - |
| Other payables | 23,019,996 | 23,019,996 | 23,019,996 | - | - |
| | <u>1,525,721,545</u> | <u>1,540,600,931</u> | <u>1,051,330,383</u> | <u>492,109,874</u> | <u>102,154,195</u> |

| | As at June 30, 2016 | | | | |
|---------------------------|---------------------------|----------------------------------|----------------------------|-----------------------------|--------------------------------|
| | Carrying amount Rupees | Contractual cash flows Rupees | One year or less Rupees | One to five years Rupees | More than five years Rupees |
| Long term financing | 426,051,689 | 511,849,369 | 105,259,709 | 472,099,778 | 39,749,591 |
| Accrued markup / interest | 7,426,523 | 7,426,523 | 7,426,523 | - | - |
| Trade creditors | 210,933,726 | 210,933,726 | 210,933,726 | - | - |
| Accrued liabilities | 122,636,434 | 122,636,434 | 122,636,434 | - | - |
| Unclaimed dividend | 572,888 | 572,888 | 572,888 | - | - |
| Other payables | 19,879,048 | 19,879,048 | 19,879,048 | - | - |
| | <u>787,500,308</u> | <u>873,297,988</u> | <u>466,708,328</u> | <u>472,099,778</u> | <u>39,749,591</u> |

42.8 Market risk

42.8.1 Currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

| | June 30, 2017 Rupees | June 30, 2016 Rupees |
|---------------------------|---------------------------|-------------------------|
| Trade receivables | 137,489,832 | 20,996,317 |
| Cash and cash equivalents | 4,925,265 | 5,127,052 |
| Total exposure | <u>142,415,097</u> | <u>26,123,369</u> |

All foreign currency balances are denominated in USD. Average exchange rate used during the year and spot exchange rate applied at the reporting date was PKR 104.88 / USD (2016: PKR 104.80 / USD).

A ten percent appreciation in Rupee would have decreased profit or loss by PKR 14,241,510 (2016: PKR 2,612,337). A ten percent depreciation would have had the equal but opposite effect on profit or loss. This sensitivity analysis based on assumption that all variables, with the exception of foreign exchange rates, remain unchanged.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2017

| | June 30, 2017 Rupees | June 30, 2016 Rupees |
|--|-------------------------|-------------------------|
| 42.8.2 Interest rate risk | | |
| The interest rate profile the Company's interest bearing financial instruments as at the reporting date is as follows: | | |
| Fixed rate instruments | | |
| Financial assets | - | - |
| Financial liabilities | 119,770,000 | - |
| Variable rate instruments | | |
| Financial assets | 67,098,422 | 50,994,654 |
| Financial liabilities | 1,063,014,124 | 426,051,689 |

The Company is not exposed to interest rate risk in respect of its fixed rate instruments. A 100 basis points increase in variable interest rates would have decreased profit or loss by PKR 10,423,931 (2016: PKR 4,260,517). A 100 basis points increase in variable interest rate would have had an equal but opposite impact on profit or loss.

42.9 Fair value

Fair value is the amount for which an asset could be exchanged or a liability be settled between knowledgeable willing parties, in an arm's length transaction. As at the reporting date, the fair values of all financial instruments are considered to approximate their book values.

43 TRANSACTIONS WITH RELATED PARTIES

The associated undertaking and related parties comprise associated companies, directors and key management personnel. Transaction with associated undertakings and related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 9.1 and 36 are as follow :

| Nature of relationship | Nature of transactions | 30 June 2017 Rupees | 30 June 2016 Rupees |
|------------------------|------------------------|------------------------|------------------------|
| Associated undertaking | Sales of yarn | 473,443,568 | 514,585,291 |
| | Sales of fabric | 6,169,364 | - |
| | Sales of cotton | 16,141,910 | 45,575,651 |
| | Services rendered | 668,411 | 715,304 |
| | Purchase of yarn | 121,503,794 | 179,831,153 |
| | Purchase of fabrics | 60,522,102 | 7,407,483 |
| | Purchase of cotton | 45,158 | 6,198,920 |
| | Purchase electricity | 900,055,652 | 832,928,319 |
| | Purchase of machinery | 73,593,000 | - |
| | Services received | 324,000 | 318,000 |
| Retirement benefits | | | |
| Key management | Provision for gratuity | 58,329,223 | 18,017,365 |
| | Remuneration | 13,600,000 | 9,600,000 |

44 Accounting Estimates and Judgments

44.1 Income taxes

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

44.2 Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2017

44.3 Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual 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 affect on the depreciation charge and impairment.

44.4 Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

44.5 Interest rate and cross currency swap

"The Company has entered into various interest rates and cross currency swap over the last year. The calculation involves use of estimates with regard to interest and foreign currency rates which fluctuate with the market forces."

| | 30-Jun-17 | 30-Jun-16 |
|--|-------------------|------------|
| 45 PLANT CAPACITY AND ACTUAL PRODUCTION | | |
| Spinning | | |
| Number of spindles installed | 69,312 | 69,312 |
| Number of looms installed | 160 | 160 |
| Number of spindles worked | 69,312 | 69,312 |
| Number of looms worked | 160 | 160 |
| Number of working days | 364 | 364 |
| Number of shifts per day | 3 | 3 |
| Installed capacity of yarn (Kgs.) | 13,954,119 | 13,954,119 |
| Actual production of yarn (Kgs.) | 10,621,496 | 10,008,485 |
| Installed capacity of fabric - meters | 21,534,566 | 21,534,566 |
| Actual production of fabric - meters | 15,100,469 | 15,992,288 |

It is difficult to precisely describe production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindles speed and twist etc. It would also vary accordingly to pattern of production adopted in a particular year.

46 NUMBER OF EMPLOYEES

| | | |
|--|--------------|--------------|
| The average number of employees for the year ended | <u>1,380</u> | <u>1,446</u> |
| Number of employees as on 30th June | <u>1,391</u> | <u>1,404</u> |

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on 27th September 2017.

48 CORRESPONDING FIGURES


48.1 Corresponding figures have not been rearranged and reclassified in theses financial statements

49 GENERAL

The figures have been rounded off to the nearest Rupee.

Karachi:
Date: 27th September 2017


Khurram Salim
Chief Executive


Mohammad Salim
Director



BHANERO TEXTILE *of Companies* MILLS LIMITED

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

| SR # | CATEGORIES OF SHAREHOLDERS | NUMBERS OF SHAREHOLDERS | SHARES HELD | PERCENTAGE % |
|-------------|---|--------------------------------|--------------------|---------------------|
| 1 | Directors Chief Executive Officer and their Spouses and Minor Childrens | 17 | 1,407,636 | 46.92 |
| 2 | Associated Companies, Undertaking and Related Parties | 12 | 1,439,864 | 48.00 |
| 3 | NIT & ICP | - | - | - |
| 4 | Insurance Companies | 1 | 70,500 | 2.35 |
| 5 | General Public / Individuals | 346 | 75,494 | 2.52 |
| 6 | Other Companies | 2 | 6,506 | 0.22 |
| | | 378 | 3,000,000 | 100.00 |



BHANERO TEXTILE *of Companies* MILLS LIMITED

List of Shareholders As At 30 June, 2017

| Sr # | Shareholder Category | Percentage | No. of Shares |
|----------|--|---------------|------------------|
| 1 | ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES | | |
| | ADMIRAL (PVT) LTD | 16.69 | 500,600 |
| | MR. MOHAMMAD SHAKEEL | 0.74 | 22,055 |
| | MR. FARRUKH SALEEM | 2.02 | 60,600 |
| | MR. YOUSUF SALEEM | 1.69 | 50,674 |
| | MR. SAQIB SALEEM | 1.68 | 50,490 |
| | MR. MUHAMMAD QASIM | 5.28 | 158,400 |
| | MR. FAISAL SHAKEEL | 8.32 | 249,676 |
| | MR. ABDULLAH BILAL | 1.96 | 58,787 |
| | MRS. NAZLI BEGUM | 1.68 | 50,482 |
| | MRS. SABA YOUSUF | 2.76 | 82,700 |
| | MRS. SABA SAQIB | 2.76 | 82,900 |
| | MRS. SADAF FARRUKH | 2.42 | 72,500 |
| 2 | CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN | | |
| | MR. MUHAMMAD SALEEM | 0.73 | 21,929 |
| | MR. MUHAMMAD SHARIF | 0.02 | 500 |
| | MR. MUHAMMAD SHAHEEN | 1.43 | 42,780 |
| | MR. HAMZA SHAKEEL | 0.02 | 500 |
| | MR. KHURRAM SALEEM | 2.02 | 60,500 |
| | MR. BILAL SHARIF | 2.48 | 74,500 |
| | MR. MUHAMMAD AMIN | 5.32 | 159,500 |
| | MR. ADIL SHAKEEL | 8.93 | 267,825 |
| | MR. IQBAL MEHBOOB VOHRA | 0.02 | 500 |
| | MRS. YASMIN BEGUM | 1.01 | 30,372 |
| | MRS. SEEMA BEGUM | 1.78 | 53,292 |
| | MRS. AMNA KHURRAM | 2.45 | 73,400 |
| | MRS. SAMIA BILAL | 11.14 | 334,283 |
| | MRS. FATIMA AMIN | 5.68 | 170,400 |
| | MASTER AZAAN BILAL | 1.96 | 58,678 |
| | MASTER ALI BILAL | 1.96 | 58,677 |
| 3 | BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS AND INSURANCE COMPANIES | | |
| | STATE LIFE INSURANCE CORPORATION OF PAKISTAN | 2.35 | 70,500 |
| 4 | INDIVIDUAL SHAREHOLDERS | 2.52 | 75,494 |
| 5 | OTHER COMPANIES | 0.22 | 6,506 |
| | TOTAL | 100.00 | 3,000,000 |



BHANERO TEXTILE *of Companies* MILLS LIMITED

List of Shareholders As At 30 June, 2017

| Sr # | Shareholder Category | Percentage | No. of Shares |
|----------|---|------------|---------------|
| 6 | DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN | - | - |
| | Shares Purchased by Mr. Hamza Shakeel | 0.02 | 500 |
| | Shares sold by Mr. Faisal Shakeel | 0.02 | 500 |
| 7 | SHAREHOLDERS HOLDING 05% OR MORE | | |
| | MR. MUHAMMAD QASIM | 5.28 | 158,400 |
| | MR. FAISAL SHAKEEL | 8.32 | 249,676 |
| | MR. MUHAMMAD AMIN | 5.32 | 159,500 |
| | MR. ADIL SHAKEEL | 8.93 | 267,825 |
| | MRS. SAMIA BILAL | 11.14 | 334,283 |
| | MRS. FATIMA AMIN | 5.68 | 170,400 |
| | ADMIRAL (PVT) LTD | 16.69 | 500,600 |

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2017

| NUMBER OF SHAREHOLDERS | SHARE HOLDING | | TOTAL SHARES HELD |
|---------------------------|---------------|--------|----------------------|
| | FROM | TO | |
| 299 | 1 | 100 | 8,908 |
| 34 | 101 | 500 | 10,593 |
| 7 | 501 | 1000 | 6,298 |
| 9 | 1001 | 5000 | 21,500 |
| 2 | 5001 | 10000 | 16,501 |
| 3 | 20001 | 25000 | 64,184 |
| 1 | 25001 | 30000 | 29,872 |
| 1 | 40001 | 45000 | 42,780 |
| 4 | 50001 | 55000 | 204,938 |
| 3 | 55001 | 60000 | 176,142 |
| 2 | 60001 | 65000 | 121,100 |
| 4 | 70001 | 75000 | 290,900 |
| 2 | 80001 | 85000 | 165,600 |
| 2 | 155001 | 160000 | 317,900 |
| 1 | 170001 | 175000 | 170,400 |
| 1 | 245001 | 250000 | 249,676 |
| 1 | 265001 | 270000 | 267,825 |
| 1 | 330001 | 335000 | 334,283 |
| 1 | 500001 | 505000 | 500,600 |
| 378 | | | 3,000,000 |

* Note: There is no shareholding in the slab not mentioned



BHANERO TEXTILE *of Companies* MILLS LIMITED

Year wise Operating Data

Year Ended 30th June

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|------------|------------|------------|------------|------------|------------|
| Spinning Unit | | | | | | |
| Spindle installed | 69312 | 69,312 | 69,312 | 69,312 | 69,312 | 68,736 |
| Spindle worked | 69312 | 69,312 | 69,312 | 69,312 | 69,312 | 68,736 |
| Installed capacity after conversion in to 20/s count (Kgs) | 13,954,119 | 13,954,119 | 13,954,119 | 13,954,119 | 13,954,119 | 13,838,157 |
| Actual production after conversion in to 20/s count (Kgs) | 10,621,496 | 10,008,485 | 9,832,682 | 10,138,381 | 10,115,200 | 9,790,478 |
| Weaving Unit | | | | | | |
| Air jet looms installed | 160 | 160 | 160 | 140 | 140 | 140 |
| Air jet looms worked | 160 | 160 | 160 | 140 | 140 | 140 |
| Installed capacity after conversion into 50 picks - (meters) | 21,534,566 | 21,534,566 | 21,534,566 | 20,206,406 | 20,206,406 | 20,206,406 |
| Actual production after conversion into 50 picks - (meters) | 15,100,469 | 15,992,288 | 19,272,241 | 18,362,454 | 17,658,972 | 16,129,946 |

Year wise Financial Data

Year Ended 30th June

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|----------------------------|-----------|-----------|-----------|-----------|-----------|
| Profit and loss account | | | | | | |
| | Rupees in Thousands | | | | | |
| Turnover (Net) | 6,837,254 | 6,637,411 | 7,350,098 | 8,060,772 | 6,997,417 | 6,372,946 |
| Gross profit | 754,283 | 684,364 | 641,534 | 966,937 | 1,093,275 | 810,253 |
| Operating profit | 456,308 | 391,023 | 351,971 | 597,040 | 745,602 | 510,744 |
| Financial expenses | 87,064 | 69,828 | 115,128 | 126,836 | 124,896 | 144,613 |
| Profit before tax | 369,244 | 321,195 | 236,843 | 470,204 | 620,706 | 366,131 |
| Profit after tax | 275,736 | 220,349 | 207,410 | 408,263 | 586,996 | 306,488 |
| Cash dividend | 110,400 | 30,000 | 30,000 | 60,000 | 60,000 | 90,000 |
| Balance Sheet | | | | | | |
| Share Capital | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Reserves | 3,500,000 | 3,500,000 | 3,300,000 | 3,150,000 | 2,800,000 | 2,300,000 |
| Shareholder equity | 3,886,302 | 3,639,552 | 3,427,026 | 3,288,488 | 2,947,357 | 2,420,340 |
| Long term liabilities | 428,761 | 348,588 | 583,099 | 620,241 | - | 1,681 |
| Short term loan | 676,558 | - | - | 802,212 | 828,550 | 696,500 |
| Current liabilities | 1,301,063 | 493,105 | 497,897 | 1,250,451 | 1,303,307 | 1,043,490 |
| Current portion of long term loans | 77,463 | 77,464 | 67,141 | - | 1,699 | 5,042 |
| Fixed assets | 2,029,939 | 1,957,647 | 2,080,122 | 1,540,975 | 1,531,890 | 1,530,549 |
| Current assets | 3,784,088 | 2,720,643 | 2,597,798 | 3,039,511 | 2,822,476 | 1,970,559 |
| Ratios | | | | | | |
| Performance | | | | | | |
| Sales growth percentage - Year to Year basis | 3.01% | -9.70% | -8.82% | 15.20% | 9.80% | -15.54% |
| Gross profit (%) | 11.03% | 10.31% | 8.73% | 12.00% | 15.62% | 12.71% |
| Profit before tax (%) | 5.40% | 4.84% | 3.22% | 5.83% | 8.87% | 5.75% |
| Profit after tax (%) | 4.03% | 3.32% | 2.82% | 5.06% | 8.39% | 4.81% |
| Leverage | | | | | | |
| Gearing ratio | 0.30 | 0.12 | 0.19 | 0.43 | 0.28 | 0.29 |
| Debt to equity (%) | 11.03% | 9.58% | 17.01% | 18.86% | 0.00% | 0.07% |
| Interest covering ratio | 5.24% | 5.60 | 3.06 | 4.71 | 5.97 | 3.53 |
| Liquidity ratio | | | | | | |
| Current ratio | 2.91 | 5.52 | 5.22 | 2.43 | 2.17 | 1.89 |

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JCR-VIS assigns Initial Ratings of Bhanero Textile Mills Limited

JCR-VIS Credit Rating Company Limited (JCR-VIS) assigns initial entity ratings to Bhanero Textile Mills Limited (BHAT) at 'A+/A1' (Single A Plus/A One). Outlook on the assigned ratings is 'Stable'.

BHAT is part of Umer Group of Companies, which has been operating in the textile sector for about thirty five years. The company is primarily engaged in manufacturing and sales of yarn and fabric, for both local and international markets through two spinning units and one weaving unit. In view of planned integration with BHAT's weaving unit, management envisages addition of spindles to the company's spinning unit.

Assigned ratings incorporate sound financial risk profile of BHAT as manifested in the historically low leverage indicators, adequate liquidity and improving profitability profile. Extensive experience and track record of sponsors through business cycles in the textile sector is also a key rating driver.

BHAT witnessed decline in net sales from historically high levels, on account of oversupply of cotton produce post termination of China's stockpiling policy. Topline of the company has sustained year on year owing to yarn sales gaining significant foothold in the domestic market as well as weaving segment's resilience in the export market. Gross margins have exhibited an increase on a timeline basis from recovery in cotton prices. Resultantly, earnings and cash flows have witnessed growth in FY17. Overall liquidity profile is supported by healthy cash flows related to debt obligations and adequate current ratio.

Equity base of the company has increased on a timeline basis on account of profit retention. Modest pay out in the last three years has increased equity on the back of retained profits. Leverage indicators have historically remained low given management's conservative stance towards borrowings. However, the company undertakes seasonal short term borrowing which is in line with the industry's procurement cycle; gearing levels are expected to normalize, going forward. The company plans to fund its future expansion through debt, although capitalization indicators will recede, they are expected to remain within manageable levels given the company's cash flows and low long-term debt profile.



BHANERO TEXTILE of Companies MILLS LIMITED

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز کی بھنیر و ٹیکسٹائل ملز لمیٹڈ آپ سالانہ رپورٹ کارکردگیوں کی رپورٹ اور مالی گوشوارے کمپنی کے ساتھ مل کر سال 30 جون، 2017 ختم ہونے سے پہلے پیش کرنے میں خوشی ہے۔

مالیاتی نتائج

ہمارے سال 30 جون، 2017 کے خاتمہ کے لئے کمپنی کے مالی نتائج ہیں

| 2016 (روپے) | 2017 (روپے) |
|--------------------|--------------------|
| 6,637,411,409 | 6,837,254,892 |
| 684,364,410 | 754,283,974 |
| 321,195,265 | 369,244,572 |
| 86,842,509 | 72,619,736 |
| - | (1,159,756) |
| 14,002,812 | 22,048,062 |
| 100,845,321 | 93,508,042 |
| 220,349,944 | 275,736,530 |
| 73.45 | 91.91 |

فروخت

مجموعی منافع

ٹیکس کی وصولی سے پہلے نفع

ٹیکس کی وصولی

موجودہ سال

گزشتہ سال

ملتی

ٹیکس کی وصولی کے بعد فائدہ

فی شیئر آمدنی بنیادی اور کم ہوگی

30 جون 2016:PKR 220.350 (2017:PKR 275.736) ملین (سال کے دوران 275.736 ملین روپے کے ٹیکس ختم ہونے کے بعد مالیاتی کارکردگی کی طرف سے زبردست اللہ اللہ کی نعمت، کمپنی منافع کمایا ہے۔

چیلنج کاروبار کی حالت کے باوجود منسو بی کپاس اور سوت کی قیمتوں میں اضافہ کے لیے، کمپنی کی فروخت 6,637.411 ملین روپے سے گزشتہ سال میں 6,637.411 PKR، موجودہ سال میں 837.254 ملین بڑھادی ہے۔ زیر نظر کمپنی کو تجربہ کار تیز اضافہ بنیادی طور پر برآمد میں 22 فیصد اضافے کی وجہ سے تقسیم میں 10 فیصد سال کے دوران لاگت کی تقسیم سے متعلق ہے۔ کمپنی سال 684.364 روپے کے مقابلے میں پچھلے سال کے دوران 754.283 ملین روپے کا مجموعی منافع کمایا ہے۔ مجموعی منافع میں اضافے کی پیداوار ہیڈ اخراجات پر سخت کنٹرول کے لیے بنیادی منسو بی ہے۔

ٹیکسٹائل کے شعبے میں پاکستان کا اقتصادی جائزہ

ریو یو کے تحت سال کمپنی کے لئے ایک اور مشکل سال تھا۔ سال کی تعداد ادا اور بین الاقوامی سطح پر کپڑے کی مانگ کم سمیت بیرونی عوامل کے دوران، انڈیا کی دستیابی سوت سٹوریٹ اور اعلیٰ تبادلوں کی قیمت پر۔ مزید، پاکستانی کرنسی کی مصنوعی تعریف اور پہلے کی طرف سے گیس کی قیمت میں اضافہ گادک کی کرلو شدیدی متاثر کمپنی کا منافع۔ تاہم، گاہکوں اور مالیاتی اداروں کے ساتھ مضبوط کاروباری تعلقات کے ساتھ مل کر ٹیم کی طرف سے وسیع پیمانے پر کوششوں اہل ہمیں کاروبار میں ختم درجے ترقی حاصل کرنے کے لئے۔



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ساخت کی مالی امداد

کمپنی کی طرف سے مساوات اور قرض کامرکبے چلتی ہے۔ کمپنی کی مالی قوت شیئر دارک مساوات روپے 30، 3، جون، جو 6 کی ترقی کا مقصد 2017 پر کے طور پر 886.302million پر کھڑا رہا اس حقیقت کے ساتھ گواگیا جاسکتا ہے۔ کل مساوات میں 78 فیصد ہے۔ رجسٹر تانسب سے 0.3 0.11 میں اضافے کے باوجود کمپنی اب بھی کم ٹھہراتی ہے۔ قلیل مدتی اثاثوں کی کمپنی 2.90 کے موجودہ شرح کی طرف سے اس کی عکاسی کرتے بہت مستحکم ہے۔

یہ چکر کھل کر ایڈٹ ریٹنگ کمپنی لمیٹڈ چکر۔ سختی (ابتدائی ہستی کی درجہ بندی بھانرو ٹیکسٹائل ملز لمیٹڈ A پر تقویض شدہ ہے کہ ذکر کرنا مناسب ہے اوڈوڈ مدرز) A1 واحد (A Plus/AOne)۔ تقویض کردہ درجہ بندی پراٹ لک کو 'مستحکم' ہے۔ کہا ریٹنگ کمپنی کے مالی طاقت کی تعریف ہے۔

بخرا

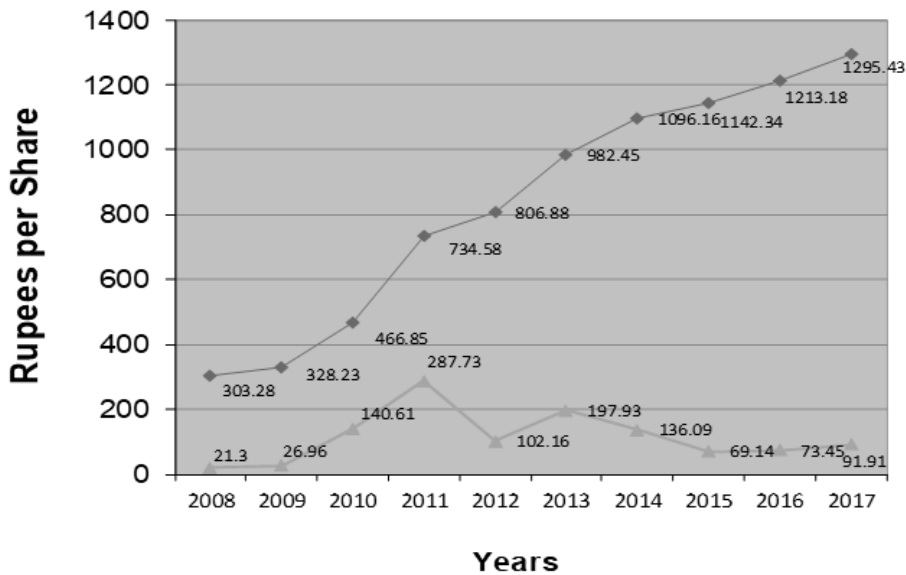
بورڈ آف ڈائریکٹرز کے ایک حتمی نقد منافع 368 فیصد یعنی 36.80 روپے فی شیئر کی سفارش کرنے کے لئے خوش ہے @ (100%: 2016) میں۔ یعنی 10 روپے 27 (اکتوبر، 2017) کو منعقد ہونے کی سفارش آڈٹ کمپنی آئندہ سالانہ عام اجلاس میں منظوری کے شار یہ ہولڈرس کے مطابق۔

کیش فلو کے انتظام

جو والے ہدایت کاروں میں سے کمپنی کی طرف سے فراہم کی گرائی کے تحت کمپنی کیش فلو کا انتظام کرنے کی ذمہ داری کے ساتھ سوما ہیں پیشہ ور افراد کی ٹیم کے ساتھ لیس ہے حکم خزانہ کمپنی قائم کی ہے۔ کمپنی اس مختصر مدت اور طویل مدتی قرض فراہم کرنے متعلق بیان عہد کو پورا کرنے کے قابل ہے۔ کوئی طے شدہ جو ہمارے پہلے سبسٹینٹیا ٹیس قرض کی واپسی میں ذکر کیا تھا کہ سال کے دوران کلیم کیجئے۔

رجیم قدر اور فی شیئر کی کمائی

کمپنی شار یہ ہولڈرس کی طرف سے اپنے پختہ عزم فی شیئر روپے 91.91 سے 73.45 روپے سے کمپنی کی آمدنی میں اضافے کے ذریعے اس کی عکاسی کرتے شار یہ ہولڈرس مال کو زیادہ اہمیت دی گئی جس کے نتیجے دکھایا گیا ہے۔ رجیم کے حصہ سے روپے کی 1,295 روپے 1,213.18 گزشتہ سال کی نسبت اضافہ ہوا ہے۔





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مستقبل آٹ لک

موجودہ اقتصادی شرائط کے ساتھ جو قابل قیاس مدت کے لیے کمپنی کی ترقی اور کمپنی کا منفی اثر کو کم کرنے کے قابل بنائے گا کہ اقدامات پر عمل درآمد کرنے کا مقصد غالب کی توقع کی جاتی ہے۔ اصلاحات کی طرف سے حکومت کا اعلان کر دیا جائے تو ایک معقول کپاس کی فصل کی معمولی قیمت پر ملک میں متوقع ہے۔ ہم کپاس کی قیمت بین الاقوامی مارکیٹ کی توقع کے مطابق مستحکم رہیں گے آنے والے سیزن کے دوران فورہی۔

افسرہ سوت مارکیٹ پاکستان سوت کی طویل جادو کے بعد دونوں مقامی اور بین الاقوامی سطح پر یہ مارکیٹ لے کر ایسا لگتا ہے کہ پیداوار کی اعلیٰ قیمت کی وجہ سے واپس مڑو۔ طویل مدتی مالیاتی سہولیات ہم پر منافع ٹیکسٹائل کے شعبے میں بہتری میں توقع کے خلاف اسٹیٹ بینک آف پاکستان کی طرف سے مارک اپ ریٹ میں کپاس کی نئی فصل اور ریلیف کا فائدہ اٹھا رہے۔ ہم، آج کے انتہائی عالمی ماحول میں پاکستان میں ٹیکسٹائل سیکٹر کی ضرورت ہے اس کی فراہمی کا سلسلہ، اپ گریڈ کے لئے پیداواری صلاحیت کو بہتر بنانے، اور قدر-زندہ رہنے کے لئے عالمی مارکیٹ کے قابل ہو جانے کے علاوہ زیادہ سے زیادہ محسوس کرتے ہیں۔

توسیع کا منصوبہ

بھانرو ٹیکسٹائل ملز لمیٹڈ کے پیداواری صلاحیت کی تنصیب ضروری بیک اپ کے عمل کے ساتھ مزید 10,800 سپانڈر لاس کے ذریعے اضافہ کیا جا رہا ہے۔ اس کی تنصیب کا کام ابھی جاری ہے اور ہمیں توقع ہے کہ نومبر، 2017 کے آغاز کی طرف سے مکمل ہوگا۔

☆ کارپوریٹ سیلف گورننس کے کوڈ کے ساتھ تعمیل

☆ کارپوریٹ گورننس کے کوڈ کے ساتھ تعمیل کے بیان کو شامل کر لیا ہے۔

☆ کارپوریٹ اور مالی رپورٹنگ کے فریم ورک پر بیان

☆ آپ کی کمپنی کے ڈائریکٹرز کوڈ کے کارپوریٹ پاکستان کے اسٹاک ایکسچینج لمیٹڈ نے تمہارے اسٹاک ایکسچینج کمیشن آف پاکستان سے ہدایات کے تحت کی فہرست قواعد میں شامل کر لیا اسلوب حکمرانی کے تحت اپنی ذمہ داریوں سے آگاہ ہیں۔ ضابطہ کی تعمیل کا ایک حصہ کے طور پر، ہم مندرجہ ذیل کی تصدیق:

☆ ان مالی بیانات تیار کمپنی، موجودہ کے انتظام کی طرف سے کافی اس ریاست کے معاملات، آپریشن، نقد کا بہا اور مساوات میں تبدیلیوں کا نتیجہ ہے۔

☆ کمپنی کے اکاؤنٹ کی صحیح کتابوں کو برقرار رکھا گیا ہے۔

☆ اکاؤنٹنگ کی مناسب پالیسیوں مسلسل مالی بیانات کی تیاری میں لگائے گئے ہیں اور اکاؤنٹنگ اندازوں کے مطابق معقول اور محتاط عدالت پر مبنی ہوتے ہیں۔

☆ بین الاقوامی مالیاتی رپورٹنگ کے معیار، پاکستان میں قابل اطلاق کے طور پر مالی کی بیانات کی تیاری میں پیروی ہے۔

☆ اندرونی کنٹرول کے نظام ڈیزائن میں آواز تھی اور ہے گئی مضر طریقے سے نافذ اور نگرانی کی جاتی ہے۔

☆ کمپنی کے ایک مسلسل تشویش کے طور پر جاری کرنے کی صلاحیت پر کوئی اہم شکوک و شبہات تھے۔

☆ کوئی مادی رواں گی لسٹنگ ریگولیشنز میں تفصیلی طور پر کارپوریٹ گورننس کے بہترین طور طریقوں سے رہا ہے۔

☆ ہم تیار کر سکتے ہیں اور ایک ضابطہ اخلاق کے ذریعے اور ڈائریکٹرز اور ملازمین کے درمیان تجارتی حکمت عملی میں تقسیم کیا ہے۔

☆ بورڈ آف ڈائریکٹرز ایک وژن اور مشن کے بیان اور مجموعی طور پر کاروباری حکمت عملی کا ایک بیان اختیار کیا ہے۔

☆ پانچ ڈائریکٹرز کمپنی کے ڈائریکٹرز کے ترقیاتی پروگرام (DTP) پہلے ہی مکمل کر لیا تھا۔ اس کے علاوہ تین ڈائریکٹرز کارپوریٹ گورننس کے کوڈ کے تحت اسٹیج کی کسوٹی کی ملاقات ہوئی۔ پس آٹھ

ڈائریکٹرز کمپنی کے کوڈ کے کارپوریٹ گورننس حق میں ڈائریکٹرز کے ترقیاتی پروگرام (DTP) کی تعمیل میں تھے۔ DTP نے حال ہی میں مقرر کردہ ڈائریکٹرز جناب شکیل کی جگہ جناب حمزہ شکیل کے



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اکتوبر 2017 'میں ہوگا۔

☆ ضرورت کے طور پر کوڈ کے کارپوریٹ گورننس کی طرف سے، ہم مندرجہ ذیل معلومات اس رپورٹ میں شامل ہیں:

☆ اے شار یہولڈنگ کے رجحان کا بیان الگ الگ دی گئی ہے۔

☆ اے حصص کا بیان سے وابستہ عزم کی طرف سے منعقد کیا اور افراد سے متعلق ہے۔

☆ اے سال اور حاضری کے دوران ہر ڈائریکٹر کی طرف سے منعقد بورڈ کے اجلاسوں کا بیان الگ الگ دی گئی ہے۔

☆ عمل کاری اور مالیاتی اعداد و شمار گزشتہ چھ سال کے لئے اہم ہے۔

☆ ٹیکس اور لیویز کے بارے میں معلومات کا پورے طور پر مقبوضہ آڈٹ شدہ مالی بیانات میں انکشاف کیا گیا تھا۔

☆ کوئی ٹریڈنگ کمپنی کے حصص میں اپنی ڈائریکٹرز، سی ای او، کفأ، کمپنی سیکرٹری، اندرونی آڈٹ کے سربراہ اور ان میاں بیوی اور سوائے معمولی بچوں کی طرف سے شار یہولڈنگ کے اسلوب میں

انکشاف کیا ہے کے طور پر کیا گیا ہے۔

آڈٹ کمیٹی

مالی رپورٹنگ عمل، آڈٹ عمل، نظام کی اندرونی کنٹرول اور قوانین اور ضوابط کی تعمیل کی نگرانی فراہم کرنے کے لئے ایک آڈٹ کمیٹی کا بنیادی مقصد ہے۔ کمیٹی نے آڈٹ مینجمنٹ اور کارپوریٹ گورننس کے کوڈ کی ضرورت کے طور پر کمیٹی کو مطلع کیا کرنے کے لئے ضروری معاملات سمیت بیرونی کارکردگیوں کے ساتھ کے نتائج کا جائزہ۔ عبوری اور سالانہ مالی گوشوارے آڈٹ کمیٹی کی منظوری کے بورڈ آف ڈائریکٹرز سے پہلے جائزہ لیا گیا۔

مواد میں تبدیلیاں اور وعدے

کوئی مواد میں تبدیلیاں اور کمپنی کی مالی پوزیشن کو متاثر کرنے والے وعدوں کو کمپنی کی طرف سے مالی سال کے اختتام کے درمیان واقع ہوا ہے جو بیلنس شیٹ سے متعلق اور ڈائریکٹرز کی رپورٹ کی رپورٹ کی تاریخ

مالی کے بیانات

لسٹنگ کے تحت مطلوبہ بطور ضوابط اشاک کے چانگاس چیف ایگزیکٹو آفیسر اور چیف مالی افسر پیش مالی بیانات کو کما حقہ ان متعلقہ دستخط، غور اور بورڈ آف ڈائریکٹرز کی منظوری کے لئے زیر حمایت اور بورڈ، غور اور منظوری کے بعد اجازت دینا مالی بیانات کے اجراء اور گردش کے لئے دستخط۔

کمپنی کے مالی بیانات کما حقہ کمپنی کی کارکردگیوں کی کا آڈٹ کیا گیا ہے، مشتاق اور کمپنی، چارٹرڈ اکائونٹنٹس اور کارکردگیوں مالی بیانات پر پاک آڈٹ رپورٹ 30 جون 2017 ختم ہوئی سال کے لیے جاری کیا ہے اور صاف نظر ثانی بیان کے کوڈ کے کارپوریٹ گورننس پر اطلاع دیں۔ یہ رپورٹیں مالی بیانات کے ساتھ منسلک ہیں۔

شار یہولڈنگ کا نمونہ

شار یہولڈنگ اور شار یہولڈنگ کے اسلوب کے بارے میں اضافی معلومات کا نمونہ علیحدہ علیحدہ سے منسلک ہے۔



BHANERO TEXTILE of Companies MILLS LIMITED

بورڈ اور آڈٹ کمیٹی اجلاس

2016-17 سال کے دوران منعقد بورڈ اور آڈٹ کمیٹی کی ملاقاتوں کی تعداد چار تھی۔ ہدایت کار اور ارکان کی حاضری کچھ اس طرح ہیں:

کمیٹیاں

| بورڈ آف ڈائریکٹرز | | آڈٹ | | افراد قوت اور مشاہیرہ | |
|-------------------|-------------|------|-------------|-----------------------|-------------|
| ڈائریکٹر کا نام | شرکت کے اہل | شریک | شرکت کے اہل | شریک | شرکت کے اہل |
| جناب محمد سلیم | 4 | 4 | - | - | - |
| جناب محمد شریف | 4 | 4 | - | - | - |
| جناب محمد شاہین | 4 | 4 | - | - | - |
| جناب محمد ثقیل | 2 | 2 | 2 | 2 | 1 |
| جناب خرم سلیم | 4 | 4 | - | - | - |
| جناب بلال شریف | 4 | 4 | 4 | 4 | 2 |
| جناب محمد امین | 4 | 4 | - | - | 2 |
| جناب عادل ثقیل | 4 | 4 | - | - | - |
| جناب حمزہ ثقیل | 2 | 2 | 2 | 2 | 1 |
| جناب اقبال محبوب | 4 | 4 | 4 | 4 | - |

اکائٹنگ کے معیارات

کمپنی کے اکائٹنگ پالیسیاں مکمل طور پر کمپنیوں آرڈیننس 1984 کی ضروریات کی عکاسی ہوتی ہے اور اس طرح بین الاقوامی حساب کتاب معیارات اور بین الاقوامی مالیاتی رپورٹنگ کے معیار اس آرڈیننس کے تحت مطبق کیا گیا ہے کے طور پر منظور دے دی اس طرح سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ ہدایات کے ذریعے۔

کارکردگیوں

موجودہ کارکردگیوں بٹھگ ایف ریویلوک مشتاق & کمپنی، چارٹرڈ اکائٹنٹس کی سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو گئے۔ اہل جا رہا ہے، وہ اپنے آپ کو دوبارہ ملاقات کے لئے پیش کر رہے ہیں۔ کمپنی نے آڈٹ بٹھگ ایف ریویلوک مشتاق & کمپنی، چارٹرڈ اکائٹنٹس، کی بیرونی آڈیٹر سال 30 جون سیڈنی کے خاتمے کے لئے کے طور پر تقرری کی تجویز دی ہے۔ خارجی کارکردگیوں بٹھگ ایف ریویلوک مشتاق اور کمپنی، چارٹرڈ اکائٹنٹس تسلی بخش درجہ بندی نے انسٹی ٹیوٹ کی چارٹرڈ اکائٹنٹس آف پاکستان کے معیار کا جائزہ پروگرام کے تحت دی گئی ہے اور فرم اور اس کے سب ساتھی کے بموجب کارروائی بین الاقوامی فیڈریشن کے اکائٹنٹس کی ہدایات پر ہیں کوڈ کے انسٹی ٹیوٹ آف چارٹرڈ اکائٹنٹس کے پاکستان کی طرف سے اپنا یا اس اخلاقیات۔ بورڈ آف ڈائریکٹرز بھی جس میں 30 جون سیڈنی ختم ہوئی سال کے لئے بیرونی آڈیٹر بٹھگ ایف ریویلوک مشتاق اور کمپنی، چارٹرڈ اکائٹنٹس، کی تقرری کی سفارش کی جاتی ہے۔

انسانی وسائل اور صلہ کمیٹی

آواز اور مشر ملازمین کے ترقیاتی پروگرام انسانی وسائل اور صلہ کمیٹی قائم کی ہے۔ انسانی وسائل دو اہم علاقوں پر توجہ مرکوز رکھی: پیداواری صلاحیت کو بہتر بنانا / کارکردگی کمیٹی اور ہماری افرادی قوت کے معیار کو بڑھانے میں۔ تجربہ کار اور تعلیم یافتہ انسانی چیلنجوں کو پورا کرنے کے لئے وسائل کمیٹی میں ملازم ہے۔ کمیٹی بھی کرنے کا ارادہ رکھتی اپنی ٹیم کو مضبوط بنانے، تنظیم کے ڈھانچے اور تاشیر میں مزید کرنے کے طریقوں کو مضبوط ملازم کارکردگی کے اس جائزے کو استعمال کریں۔


BHANERO TEXTILE *of Companies* MILLS LIMITED

بھریائی

میں بورڈ آف ڈائریکٹرز، قابل قدر شارہ ہولڈرز، گاہکوں، بینکاروں، سپلائرز اور دیگر اسٹیک ہولڈرز کے لئے اپنی حمایت، اعتبار اور اعتماد انتہائی مقروض ہوں۔ میں بھی ان کی وفاداری لگن اور سخت محنت جو کمپنی اپنے مقاصد کے حصول کے لئے اہل کے لئے تمام ملازمین کی تعریف۔

بحکم بورڈ
خرم سلیم
چیف ایگزیکٹو

کراچی 27 ستمبر 2017ء



BHANERO TEXTILE *of Companies* MILLS LIMITED

PROXY FORM

I/We _____
of _____
being a member of **BHANERO TEXTILE MILLS LIMITED** and holder of _____
ordinary shares as per Share Register Folio No. _____ and/or CDC Participant
ID No. _____ and Sub Account No. _____ hereby appoint
Mr./Mrs./Miss _____ of _____ or failing
him/her _____ of _____ as my / our
proxy to act on my/our behalf at the 38th Annual General Meeting of the Company to be held on
Friday 27th October 2017 at 4:00 p.m. at Umer House, 23/1, Sector 23, S.M. Farooq
Road, Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

WITNESS

Signature

Name

Address

Affix
Rs. 5/-
Revenue
Stamp

CNIC/Passport #

(Signature should agree with the
specimen signature registered
with the Company)

Signed this _____ day of _____ 2017

Notes:

If a member is unable to attend the meeting, they may complete and sign this form and sent it to the Company Secretary, **Bhanero Textile Mills Limited**, Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. so as to reach not less than 48 hours before the time scheduled for holding the meeting.

- (i) The Proxy form shall be witnessed by a person whose name, address and CNIC/Passport number should be stated on the form.
- (ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the Proxy form should also be submitted.
- (iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.
- (iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.



BHANERO TEXTILE of Companies MILLS LIMITED

پرکسی فارم

میں _____ کے _____
کے رکن اور عام شیئر کے حامل کی حیثیت کے _____ (شیئر کی تعداد)
رجسٹرڈ کارپوریٹ نمبر _____ اور ایسی ڈی سی فوئیو کا آئی ڈی نمبر _____ اور ڈبلیو ایچ اے ڈی نمبر _____ کے
_____ کے _____
کو کمپنی کے سالانہ اجلاس جو 27 اکتوبر 2017 کو منعقد ہوگا، میں میرے / ہمارے لئے اور میری / ہماری طرف سے بحیثیت اپنا پرکسی، ووٹ دینے کے لئے نامزد کرتا ہوں / کرتے ہیں۔

دستخط _____ بروز _____ تاریخ _____ / _____ / 2017۔

گواہان:

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

پاسپورٹ نمبر: _____

دستخط شیئر ہولڈر

(دستخط کا کمپنی میں رجسٹرڈ نمونے کے ہو، ہوم مطابقت ہونا ضروری ہے)

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

پاسپورٹ نمبر: _____

نوٹ: نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہیے۔ نمائندے کو کمپنی کارکن ہونا ضروری نہیں۔
سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ تصدیق شدہ نقل یا پاسپورٹ، پرکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

REGISTERED OFFICE

Umer House, 23/1, Sector 23, S.M. Farooq Road,
Korangi Industrial Area, Karachi-74900, Pakistan

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Fax No. : 021 - 35063002 - 3

E-mail : khioff@umergroup.com

Website : www.umergroup.com