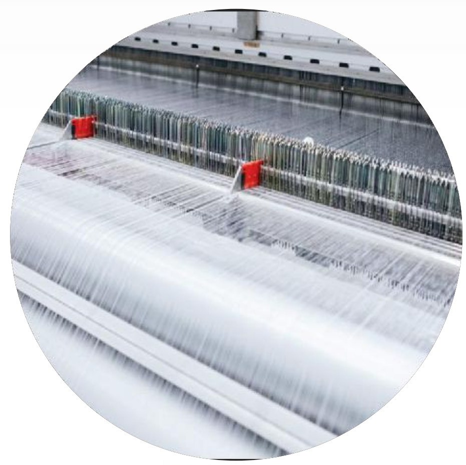
# HAMID TEXTILE MILLS LIMITED



# ANNUAL REPORT 2017

Mills: Wan Adhan, Pattoki, Distt. Kasur
Web: www.hamid-textile.com

Registration Number 005

Certificate No. SG05/0299

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# COMPANY INFORMATION

| | |
|---|---|
| CHAIRMAN/CHIEF EXECUTIVE | Mr. Dilshad Ali |
| DIRECTORS | Mr. Dilshad Ali<br>Mrs. Zulaibia Andleeb<br>Mr. Khawar Almas Khawaja<br>Mrs. Nighat Khawar<br>Mr. Muhammad Alamgir<br>Mr. Abid Hussain<br>Mr. Basim Dilshad |
| AUDIT COMMITTEE | |
| Chairman | Mr. Abid Hussain |
| Member | Mrs. Zulaibia Andleeb |
| Member | Mr. Basim Dilshad |
| HR AND REMUNERATION COMMITTEE | |
| Chairman | Mr. Muhammad Alamgir |
| Member | Mr. Khawar Almas Khawaja |
| Member | Mr. Abid Hussain |
| CHIEF FINANCIAL OFFICER | Miss. Sana Ashfaq |
| COMPANY SECRETARY | Mr. Ralph Nazir Ullah |
| LEGAL ADVISOR | Mr. Javaid Hussain Shah<br>(Javaid Shah Law Firm) |
| AUDITORS | HLB Ijaz Tabussum & Co.<br>Chartered Accountants<br>Lahore. |
| INTERNAL AUDITORS | Awan & Co. (Chartered Accountants),<br>Lahore. |
| SHARES REGISTRAR | Corplink (Pvt) Ltd. Lahore |
| BANKERS | National Bank of Pakistan<br>Bank Alfalah Limited.<br>Meezan Bank Limited.<br>Habib Metropolitan Bank Ltd.<br>Soneri Bank Ltd. |
| REGISTERED OFFICE | Suite # 1, 1st Floor, Shan Arcade,<br>New Garden Town, Lahore |
| MILLS | Changa Manga Road, Wan Adhan<br>Pattoki, Kasur. |
| TELEFAX | 049-4528188 |
| TELEPHONE | 049-4528177, 049-4528099 |
| E.MAIL | accounts@hamid-textile.com ,<br>sales@hamid-textile.com |

corporate@hamid-textile.com

# VISION

To be one of the leaders in textile sector by producing quality products according to Customer's specification.

# MISSION

- Our mission is to continuously improve our products and serve our customers.
- Provide quality products and services to our customers mainly engaged in the manufacturing of textile products and made-ups.
- Keeping pace with the rapidly changing technology by continuous balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Provide a professional open and participation environment to our dedicated employee for developing their potential and team performance.
- Protecting the environment and contribution towards the economic strength of the country and function as a good corporate citizen.

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 30th Annual General Meeting of **Hamid Textile Mills Limited** will be held on Tuesday October 31, 2017 at 11:30 A.M at Mills , Changa Manga Road, Wan Adhan, Pattoki, Kasur to transact the following business:-

**ORDINARY BUSINESS**

1. To confirm the Minutes of 29th Annual General Meeting of the shareholders held on Monday, October 31, 2016.
2. To receive, consider and adopt the Au dited Accounts for the year ended June 30, 2017 together with the reports of Directors and Auditors thereon.
3. To appoint audit ors and fix their remuneration for the year ending 30 June,2018. The present auditor M/S HLB IJAZ TABUSSUM & CO. Chartered Accountants Lahore, retired. The Board of Directors on the recommendation of audit Committee proposed the name of M/S TABUSSUM SALEEM & Co Chartered Accountants, Lahore, as auditors of the company for the year ending 30 June 2018.
4. The Shareholders approval is sought for of monthly remuneration of Rs.150,000/- plus other benefits in accordance with company's policy and mobile telephone expenditure at actual billing to Chief Executive Mr. Dilshad Ali.

   Chief executive is interested in the resolution to the extent of remuneration.
5. To transact any other business with the permission of the Chairman

By Order of the Board

**Ralph Nazir Ullah**
**Company Secretary**

Lahore
**October 10, 2017**

**Notes:**

1. The share transfer books of the Company will remain closed from October 24, 2017 to October 31, 2017 (both days inclusive).
2. A shareholder eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and votes instead of him/her. In case of corporate entity, votes may be given through attorney or proxy. In both cases, the instrument of proxy duly completed, must reach to the Registered Office of the Company not later than 48 hours before the time of holding Annual General Meeting.
3. The original Computerized Identity Card of the Shareholder/Proxy is required to prove his/her identity along with account details etc.at the time of meeting.in case of corporate entity the Board of directors resolution/ power of Attorney with specimen signature of the nominee shall be submitted(unless it has been provided earlier) along with proxy form.
4. Securities and Exchange Commission of Pakistan(SECP) vide its S.R.O 787(I)/2014 has facilitated the companies to circulate audited financial statements or notices etc. through email after obtaining prior written consent of its members. The member who intend receive the audited accounts through emails are therefore, requested to kindly send their written consent along with valid email address on a standard request form available at website of the company at www.hamid-textile.com.
5. The Annual financial have been placed at website of the company at www.hamid-textile.com however, the company shall send printed copy of its financial statements to desirous member within a week of such request without any cost.
6. As earlier requested, Members are again advised:
   a) To provide the copies of their valid CNIC's if not provided earlier to update the members register.
   b) To notify the change of address immediately, if any.

# DIRECTORS' REPORT TO THE MEMBERS

The board of directors of your company is pleased to present the 30th Annual Report and Audited Financial Statements of the Companyfor the year ended on June 30, 2017 along with auditors' report thereon.

**PERFORMNANCE OF THE COMPANY**

The salient feature of the company operational performance for the year under review is summarized as follow:

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Sales | 171,838,859 | 90,100,736 |
| Gross Profit/(Loss) | 9,117,431 | (17,685,862) |
| Operating Loss | (8,563,897) | (27,477,387) |
| Finance Cost | (257,469) | (259,524) |
| Profit/ (Loss) before taxation | (7,068,991) | (27,718,331) |
| Taxation | 1,519,533 | 19,899,725 |
| Profit/ (Loss) after taxation | (5,549,458) | (7,818,606) |
| Earnings/ (Loss) per share-basic | (0.42) | (0.59) |

The company has achieved turnover Rs. 171.839 million as compared with last financial year turnover of Rs. 90.100 million. The turnover increased by 90.71% as compared with the last year. One of Factor behind increase in sales was that company's management was successfully secure sales contracts of yarn and fabric from domestic market. However the overall performance of the company was satisfactory as compared to last year, the financial results could be better if external environmental factors were in favor of the company. These are the following reasons why the country's textile sector is struggling to capture the global market share.

- The share of textile sector in our Gross domestic product (GDP) stands at unavoidable 9.5%. It is home to more than 15 million, almost 30% of our workforce, few other accolades include being 4th largest cotton producer with 3rd largest spinning capacity in Asia. Despite all the facts Pakistan's share in global textile trade has dropped, whereas Bangladesh's textile sector set an export record last year. Countries like China and India which have through continuous improvement and innovation, made uncanny leaps in field of textile sector. The overall country's textile sector's exports decreased by 12.30%, the export of cotton yarn declined by 3.68%, and cotton cloth with negative growth of 5.81%. The exports of yarn other than cotton yarn decreased by 27.32%. The local demand also effected due to above stated reason.

- Domestically Pakistan is facing the problems of shortage of electricity, gas and the deteriorating law and order situation. The unscheduled and scheduled load shedding has major impact on cost of input which remains high along with increase in tariff rates obstructed the viability of the textile industry as the exporters are unable to meet their commitments, and are unable to compete on competitive prices in foreign market.
- Technological up-gradation is pressing issue. Company's plant needs to be upgrade, global changes in the field of technology and marketing exacerbates the issue. Company is facing financing problem to upgrade the machinery, this one off the reason the company is unable to reach economies of scale. Nor the Pakistan's Government financially subsidized the textile sector to upgrade their plants/machinery, Whereas other countries Government facilitate their textile sector to update technologically in every means.

- Significant decline in domestic sales caused by increase in imports of yarn from China, India and Bangladesh by the domestic buyer, one of the reason behind this is that the foreign supplier's cost of manufacturing is lower than domestic manufacturer, as their governments facilitates their manufacturers in all ways and although import duty has been increased by our government as compared to last fiscal year on such imported products, but on the other hand their government offered export rebates to their manufacturers, thus created oversupply of yarn and fabric in domestic market thus squeezing the margin across the board.
- The spinning section of the mill was closed for about 2.5 months, due to closure of section, the productivity reduced by 33%.
- The working capital facilities granted by the banks which were expired and the same were not renewed by the banks. Due to shortage of working capital faced by the company, the company could not operated at optimum production capacity level.

The overall performance of the company is not satisfactory as it could be due to the above stated facts coupled with energy crises prevailing in the country. However, keeping in view the financial constraints and other factors beyond the management control, the management has opted for alternate plan to make the unit operative.

**FUTURE PROSPECTS:**

In the current scenario, the revival of domestic textile industry is largely dependent on continuous availability of power and gas in the country.

Declining exports and uncertain political and security situation are big challenges for the government. Despite several positive steps, including interest rate reduction, zero- rating of textile sector, the overall impact of these on economy at large remain to be seen in short, the current macro- economic scenario is not very amicable. Further, slump in overseas high- street demand also remains a cause of concern.

To counter this challenging economic situation, cost effectiveness, niche marketing, product and customer development are the essential tools to remain competitive domestically and internationally. The efforts on marketing side especially focused on international brands and technical textiles, will ensure increased revenue and better margin. On the cost side, better supply-chain management for raw materials and innovation in production processes shall remain pivotal parts of the strategy. The current order book of the company is healthy and therefore, the management is confident that the company shall be able to improve its operational performance, going forward.

The prices of textile products in general are expected to remain stable. The cost and availability of energy remains the biggest challenge for the company. Higher inflation in the Country is another cause of concern resulting in increase in cost of production and damaging the competitiveness of local product in the international market.

The business outlook is very challenging due to persistent energy crises in the country and law and order prevailing uncertainty. The operation of the textile mill without proper working capital facilities is a difficult task and to overcome such financial constraints, the management has been working operational on both its own production as well as partially on conversion basis to avoid cash losses. The management expects that with this alternate option, the company would be able to operate the mill at a maximum capacity to satisfy the customers.

Further, the management is contributing funds for working capital through its sources as without successful negotiation for settlement of existing loaning with the major lender National Bank of Pakistan for restructuring or payment thereof, no working capital facilities from any bank can be arranged. The management is confident and hopeful that the efforts for restructuring and renewal of the financial limits would be succeeded in next foreseeable future and then, the operation of the mill shall be run on optimum production capacity level.

The management of the company is determined to turn the unit as viable, operative and profitable unit by improving cost effective measures and cost saving efforts in future.

## AUDITORS' REPORT QUALIFICATIONS:-

### 1. Going Concern Assumption

The auditors have issued adverse audit opinion for the going concern assumption by stating the factors which may raise significant doubts about the company's ability to continue as going concern, we hereby submit that the factors enumerated as above, are temporary and management is making concentrated efforts to reverse the same and this is event from the financial results that the company achieve 5.31% gross profit margin, without considering the accounting depreciation then gross profit margin is 21% as compared with last year 13.48% . The company is very much alive and is continuously operating despite non renewal of working capital limits from the bank. The company's the overall assets against total liability exceeds by Rs. 239.210 million which means that the company will be able to discharge its liabilities, whereas, the bank principal liability is Rs.74.185 million and therefore, once the settlement is achieved with the NBP and the account becomes regular, the company shall be able to arrange the working capital as well from any bank or financial institution. .

## CODE OF CORPORATE GOVERNANCE

As required by the Code of Corporate Governance the Directors are pleased to report that;

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

b) Proper books of accounts have been maintained.

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

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

e) The system of internal control is designed, strongly emphasized and has been effectively implemented and monitored.

f) There are no significant doubts upon the company's ability to continue as a going concern, however, uncertain circumstances are discussed in note 1.2 of notes to the accounts. The company has sound potentials to continue as going concern.

g) There has been no material departure from the best practices of Code of Corporate Governance, as defined in the listing regulations.

h) We have prepared and circulated Statement of Ethics and Business Strategy among directors and employees.

i) The company has sustained loss during the year therefore has not declared any dividend or bonus for the year.

j) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding except as disclosed in the accounts.

k) No trade in shares of Hamid Textile Mills Ltd has been carried out by its directors, CEO, CFO, Company secretary and their spouses and minor children during the year.

l) Key operating ratios and financial results of the company for the last six years are annexed.

m) The company operates an un-funded gratuity scheme for its employees.

n) During the year Ten board meetings were held. Attendance by each director is appended below:-

| Name of Director | Number of Meetings Attended |
|---|---|
| 1. Mr. Dilshad Ali | 10 |
| 2. Mr. Khawar Almas Khawaja | 05 |
| 3. Mrs. Nighat Khawar | 05 |
| 4. Mrs.Zulaibia Andleeb | 10 |
| 5 Mr. Muhammad Alamgir | 09 |
| 6. Mr. Abid Hussain | 09 |
| 7. Mr. Basim Dilshad | 09 |

**AUDIT COMMITTEE**

The audit committee comprising of following members, attendance of each member is as under:

| | | Attended | Leave granted |
|---|---|---|---|
| Mr. Abid Hussain | Chairman | 04 | |
| Mrs. Zulaibia Andleeb | Member | 03 | 01 |
| Mr. Basim Dilshad | Member | 04 | |

**HR AND REMUNERATION COMMITTEE**

The HR and Remuneration Committee comprising of following members, attendance of each member is as under:

| | | Attended | Leave granted |
|---|---|---|---|
| Mr. M.Alamgir | Chairman | 01 | |
| Mr. Khawar Almas Khawaja | Member | 01 | |
| Mr Abid Hussain | Member | 01 | |

**PERSONNEL AND WORKING ENVIRONMENT**

Your company is well aware of the importance of team of skilled worker and staff. Therefore in -house programs designed for this purpose are regularly undertaken. At the same time, other important areas like health, safety and better working environment are also being looked after very well.

**RETIREMENT BENEFITS**

The company operates a Defined Benefit scheme for its employees. During the year benefits has Paid off Rs.10.995 million to employees.

**AUDITORS**

The present auditors M/S HLB Ijaz Tabussum & Co. Chartered Accountants, Lahore retired. The audit committee has recommended the name of M/S Tabussum Saleem & Company, Chartered Accountants, Lahore, for the year ending June 30, 2018.

**PATTERN OF SHAREHOLDING**

The pattern of shareholding for the year ended June 30, 2017 is annexed to this report.

**VOTE OF THANKS**

The directors wish to place on record their appreciation of the hard work and efforts made by the workers and staff and look forward that they will continue to make their best contribution in the future of the company.

On Behalf of Board.

Dilshad Ali
Chief Executive
Date: October 10, 2017

# ڈائریکٹرز رپورٹ برائے ممبرز

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز 30 جون 2017 کو ختم ہونے والے سال کی رپورٹ بمعہ آڈٹ شدہ مالیاتی گوشوارے، آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

## کمپنی کارکردگی

زیرِ غور کمپنی کی نمایاں متحرک کارکردگی کا خلاصہ مندرجہ ذیل ہے:

| 2016 (روپے) | 2017 (روپے) | |
|---|---|---|
| 90,100,736 | 171,838,859 | سیلز |
| (17,685,862) | 9,117,431 | گراس پرافٹ/ (نقصان) |
| (27,477,387) | (8,563,897) | آپریٹنگ (نقصان) |
| (259,524) | (257,469) | سرمایہ کی لاگت |
| (27,718,331) | (7,068,991) | ٹیکسیشن سے پہلے نفع/ (نقصان) |
| 19,899,725 | 1,519,533 | ٹیکسیشن |
| (7,818,606) | (5,549,458) | ٹیکسیشن کے بعد نفع/ (نقصان) |
| (0.59) | (0.42) | بنیادی حصص کے مطابق آمدنی/ (نقصان) |

کمپنی 171.838 ملین روپے کا ٹرن اوور حاصل کر چکی ہے جیسا کہ پچھلے مالی سال سے موازنہ کیا جائے تو پچھلے سال کا ٹرن اوور 90.100 ملین روپے تھا۔ پچھلے مالی سال سے موازنہ کیا جائے تو ٹرن اوور 90.71% بڑھا ہے۔ فروخت بڑھنے کے پیچھے ایک عنصر یہ ہے کہ کمپنی مینجمنٹ مقامی مارکیٹ میں یارن اور کپڑے کی فروختگی کے کامیاب معاہدے کرنے میں کامیاب ہوئی ہے۔ البتہ کمپنی کی مجموعی کارکردگی پچھلے مالی سال کے مقابلے میں اطمینان بخش رہی ہے۔ مالی نتائج مزید بہتر ہو سکتے تھے۔ اگر بیرونی آب و ہوا کا عنصر ہمارے حق میں ہوتا۔ ملک کا ٹیکسٹائل سیکٹر درج ذیل وجوہات کی بناء سے عالمی مارکیٹ میں جگہ بنانے کی جدوجہد کر رہا ہے مندجہ ذیل ہیں:

- ٹیکسٹائل سیکٹر پاکستان کے مجوعی (GDP) کا 9.5 فیصد ہے۔ جبکہ ٹیکسٹائل سیکٹر 15 ملین ورکرز جو کہ تقریباً 30 فیصد ورکرز کو اپنے اندر ضم کیے ہوئے ہے۔ چند اعداد و شماریات، پاکستان، چوتھا بڑا کاٹن پیدا کرنے والا اور ایشیاء کا تیسرا بڑا اسپیننگ کی صلاحیت رکھنے والا ملک ہے۔ ان تمام عناصر کے باوجود پاکستان کی ٹیکسٹائل میں عالمی تجارت کم ہوئی ہے۔ جبکہ بنگلہ دیش نے سابقہ سال ٹیکسٹائل سیکٹر ایکسپورٹ سیلز میں ریکارڈ قائم کیا تھا۔ مختلف ممالک جیسا کہ چائنہ، انڈیا کا ٹیکسٹائل سیکٹر تسلسل سے کامیابی کے مراحل طے کر رہا ہے۔ مجموعی طور پر ملکی ٹیکسٹائل سیکٹر کی ایکسپورٹ سیلز 12.30 فیصد سے کم ہوئی ہیں اور سوتی دھاگے کی سیل 3.68 فیصد اور کاٹن کپڑے کی فروخت 5.81 فیصد کم ہوئی ہے۔ سوتی دھاگے کے علاوہ دھاگے کی سیل 27.32 فیصد کم ہوئی ہے۔ اور لوکل سیل بھی اوپر دی گئی وجوہات کی بنا پر کم ہوئی ہیں۔
- مجموعی طور پر پاکستان کی انڈسٹری لوڈ شیڈنگ / بجلی، گیس اور امن و امان کی خراب صورت حال سے دوچار ہے۔ بجلی کی اعلانیہ اور غیر اعلانیہ لوڈ شیڈنگ کی وجہ سے ٹیکسٹائل ایکسپورٹرز عالمی طور پر کیے گئے معاہدوں کو بروقت پورا کرنے سے قاصر رہے ہیں اور اگر ان مسائل کو حل کرنے کی کوشش کریں تو اخراجات مزید بڑھتے ہیں۔ جس کی وجہ سے وہ عالمی منڈی میں مسابقتی ریٹ پر فروخت کرنے سے قاصر رہے ہیں۔
- مشینری کی تکنیکی اپ گریڈیشن بھی ایک سنگین مسلہ ہے۔ کیونکہ عالمی سطح پر ٹیکسٹائل سیکٹر اور مارکیٹنگ میں جدت لائی جا رہی ہے۔ کمپنی کو اپنی مشینری میں جدت لانے میں مالی دشواری کا سامنا ہے۔ یہ اُن وجوہات میں سے ایک وجہ ہے کہ کمپنی اپ گریڈیشن نہ ہونے کی وجہ سے اپنے اخراجات کو مسابقتی طور پر کم نہ کر سکی ہے اور نہ ہی پاکستان حکومت کی طرف سے ٹیکسٹائل سیکٹر کو مشینری میں جدت لانے کے لے سبسڈی دی گئی ہے۔ جبکہ اس کے برعکس دوسرے ممالک کی حکومتیں اپنے ٹیکسٹائل سیکٹر میں جدت لانے میں ہر لحاظ سے ان کے پیش پیش ہے۔

- لوکل مارکیٹ کو ایک سنگین مسئلے کا سامنا ہے۔ لوکل خریدار چائنہ اور بنگلہ دیش سے مال خریدنے کو ترجیح دیتا ہے کیونکہ ان کے ٹیکسٹائل سیکٹر کے خراجات ہمارے ملک کے صنعت کاروں سے کم ہیں۔ جیسا کہ ان ممالک کی حکومتیں اپنے صنعت کاروں کو ہر لحاظ سے سہولیات فراہم کرتی ہے تاکہ ان کے خراجات کم سے کم رہیں اور وہ عالمی سطح پر مسابقتی ریٹ پر مال فروخت کر سکیں۔
- آپ کی کمپنی کا سپننگ سیکشن تقریباً اڑھائی ماہ بند رہا جس کی وجہ سے مجموعی پیداوار 33% کم رہی۔
- بینکوں کی طرف سے سامایہ کاری میں دی گئی سہولیات ختم ہو چکی ہیں اور بینکوں کی طرف سے ان سہولیات کی تجدید بھی نہ کی گئی ہے۔ سرمایہ کی عدم موجودگی کی وجہ سے کمپنی اپنے زیادہ سے زیادہ پیدواری احداف کو حاصل کرنے سے قاصر ہے۔
- اوپر بیان کی گئی وجوہات کی بنا پر مجموعی طور پر کمپنی کی سالانہ کارکردگی اتنی اطمینان بخش نہیں ہے جیسا کہ ہو سکتی تھی۔ تاہم مالی بحران اور دیگر بیرونی عوامل کو دیکھتے ہوئے جو مینجمنٹ کے کنٹرول سے باہر ہیں کو مدِ نظر رکھتے ہوئے مینجمنٹ نے یونٹ کو چلانے کے لیے متبادل حکمتِ عملی بنائی ہے۔

## مستقبل کی حکمت عملی

موجودہ صورت حال میں لوکل ٹیکسٹائل انڈسٹری زیادہ تر ملک میں پاور اور گیس کی مسلسل فراہمی پر انحصار کرتی ہے۔ ایکسپورٹ کی کمی، سیاسی غیر یقینی صورت حال اور سیکیورٹی کی صورت حال حکومت کے لیے بڑے چیلنج ہیں۔ کچھ مثبت اقدامات بشمول شرح سود میں کمی، ٹیکسٹائل سیکٹر میں سیلز ٹیکس زیرو ریٹنگ، مجموعی طور پر مثبت معاشی صورت پر بہت کم اثر انداز ہوئے ہیں۔ مزید یہ کہ کمپنی کو درپیش بیرونی میکرو انوائرمینٹل عوامل بھی کمپنی کے حق میں نہیں ہیں۔

اخراجات میں کمی، مطلوبہ مارکیٹنگ، مصنوعات اور کسٹمرز کے حصول میں ترقی جیسے عناصر ان مالی مسائل کو حل کرنے اور دوسروں سے مقابلہ کرنے کے لیے بہت ضروری ہیں۔ مارکیٹنگ کے شعبے میں کوششیں خاص طور پر غیر ملکی برانڈز اور ٹیکنیکل ٹیکسٹائلز پر زور دینا آمدن میں اضافہ اور زیادہ منافع کو یقینی بناتا ہے۔ اخراجات کے معاملے کو دیکھا جائے تو خام مال کے لیے بہتر سپلائی چین کے انتظامات اور پیداواری عوامل میں جدت حکمت عملی کے اہم حصے ہونے چاہیں۔ کمپنی کی موجودہ آرڈر بک اچھی ہے لہذا مینجمنٹ پر اعتماد ہے کہ کمپنی ہوئے اپنی عملی کارکردگی کو بڑھانے کے قابل ہو گی اور آگے جائے گی۔

توقع کی جارہی ہے کہ ٹیکسٹائل مصنوعات کی عمومی قیمتیں مستحکم رہیں گی۔ اخراجات اور انرجی کی فراہمی کمپنی کے لیے ایک بڑا مسئلہ ہے۔ ملک میں افراط زر میں اضافہ ایک اور تشویش ناک وجہ ہے۔ پیدواری اخراجات میں اضافہ کی وجہ سے عالمی منڈی اور لوکل مارکیٹ میں مسابقتی سطح پر فروخت کرنے سے قاصر ہے۔

مالی وسائل کی عدم دستیابی کی وجہ سے کمپنی کو عملی صورت حال میں رکھنا بہت مشکل ہے تاہم ادارے کو عملی صورت حال میں رکھنے کے لیے مینجمنٹ اپنے وسائل کو بروئے کار لا رہی ہے اور ادارے کو کنورژن بیسس پر بھی چلا رہی ہے تاکہ مالی نقصان کم سے کم ہو۔ مینجمنٹ اپنے وسائل کو بروئے کار لاتے ہوئے پر عزم ہے کہ ادارہ اب ورکنگ کنڈیشن میں ہی رہے گا۔ تاہم مینجمنٹ امید کرتی ہے کہ نیشنل بنک آف پاکستان جو کہ کمپنی کا نمایاں لینڈر رہے سے قرضہ جات کی ری سٹرکچرنگ یا مالی حدود کی رینیوئل اور کورٹ سے باہر سیٹلمنٹ کرنے کی کوشش کر رہی ہے۔

کمپنی کی مینجمنٹ اخراجات میں کمی لاتے ہوئے ادارے کو عملی پوزیشن میں چلانے اور منافع بخش بنانے کے لیے پر عزم ہے۔

**آڈیٹرز رپورٹ میں اعتراضات:**

گوئنگ کنسرن تصور

آڈیٹرز نے اپنی رپورٹ میں اعتراض (اندیشہ) ہے کہ کمپنی مستقبل قریب میں اپنے آپ کو عملی صورت میں رکھنے سے قاصر ہو سکتی ہے اور تاہم مینجمنٹ سمجھتی ہے کہ یہ عناصر عارضی ہیں، مینجمنٹ پر اُمید ہے کہ مستقبل میں ادارہ اپنی عملی صورت میں رہے گا۔ اس بات کا اندازہ اس سے لگایا جاسکتا ہے کہ رواں سال کمپنی نے گراس پرافٹ 5.31% کمایا ہے، اور اگر فرسودگی (Depreciation) کو نظر انداز کیا جائے تو کمپنی کا سالانہ گراس پرافٹ مارجن 21% ہے، جو کہ سابقہ سال 13.48% تھا، بغیر رینول آف ورکنگ کیپٹل کے کمپنی مسلسل عملی صورت میں

رواں دواں ہے۔ کمپنی کے مجموعی اثاثہ جات، کمپنی کے مجموعی قرضاجات سے 239.210 ملین سے ہیں۔ جبکہ کل قرضہ جات کی مالیت 74.185 ملین (Principal) ہے، جس سے ظاہر ہوتا ہے کہ کمپنی اپنے واجب الادا قرضہ جات کو ادا کرنے کے اہل ہے اور کمپنی کی مینجمنٹ نیشنل بنک آف پاکستان سے آوٹ آف کورٹ سیٹلمنٹ کرنے کی بھرپور کوشش کر رہی ہے۔

**کوڈ آف کارپوریٹ گورننس:**

کمپنی کی طرف سے 30 جون 2017 مختتمہ سال کے لیے پاکستان سٹاک ایکسچینج کی لسٹنگ کے ضابطہ کار کی طرف سے مقرر کردہ کوڈ آف کارپوریٹ گورننس کی ضروریات کو اپنایا گیا ہے اور ان پر باضابطہ عمل کیا گیا اس سلسلے میں ایک بیان ساتھ لف ہے۔

**بورڈ آف ڈائریکٹر کے اجلاس:**

سال کے دوران بورڈ کے دس اجلاس منعقد ہوئے، ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

| ڈائریکٹر کا نام | اجلاس میں شرکت کی تعداد |
|---|---|
| 1۔ دلشاد علی | 10 |
| 2۔ خاور الماس خواجہ | 05 |
| 3۔ مس نگہت خاور | 05 |
| 4۔ مس زولیبہ اندلیب | 10 |
| 5۔ محمد عالمگیر | 09 |
| 6۔ عابد حسین | 09 |
| 7 باسم دلشاد | 09 |

**آڈٹ کمیٹی کے اجلاس:**

سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے، ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

| ڈائریکٹر کا نام | حاضری | رخصت |
|---|---|---|
| عابد حسین | 04 | -- |
| مس زولیبہ اندلیب | 03 | 01 |
| باسم دلشاد | 04 | -- |

**انسانی وسائل اور معاوضہ کمیٹی کے اجلاس:**

سال کے دوران انسانی وسائل اور معاوضہ کمیٹی کا ایک اجلاس منعقد ہوا، ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

| ڈائریکٹر کا نام | حاضری | رخصت |
|---|---|---|
| عالمگیر | 01 | -- |
| خاور الماس خواجہ | 01 | -- |
| عابد حسین | 01 | -- |

**ورکرز اور کام کرنے کا ماحول:**

آپ کی کمپنی ہنرمند ورکر اور عملے کی اہمیت سے اچھی طرح واقف ہے۔ لہذا اس مقصد کے لیے ڈیزائن کیے گئے ان ہاؤس پروگرام پر باقاعدگی سے عمل کیا جاتا ہے۔ دوسری طرف صحت، حفاظتی اقدامات اور بہتر کام کرنے کے ماحول جیسے دیگر اہم حصوں کی بہت اچھی طرح سے دیکھ بھال کی جا رہی ہے۔

**ریٹائرمنٹ بینیفٹس:**

کمپنی اپنے ملازمین کے لیے ڈیفائنڈ، بینیفٹ سکیم شروع کر رکھی ہے۔ تاہم رواں سال کمپنی نے ریٹائرمنٹ بینیفٹ کی مد میں 10.995 ملین اپنے ورکرز کو ادا کیے ہیں۔

**آڈیٹرز:**

موجودہ آڈیٹرز میسرز ایچ ایل بی اعجاز تبسم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس لاہور سبکدوش ہو رہی ہے۔ آڈٹ کمیٹی نے میسرز تبسم سلیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو 30 جون 2018 کو ختم ہونے والے مالی سال کے لیے تعیناتی کا فیصلہ کیا ہے۔

**شیئر ہولڈنگ کا نمونہ:**

30 جون 2017 تک کے حصص کی تفصیل سالانہ رپورٹ کا حصہ ہے۔۔

اعتراف:

میں بورڈ آف ڈائریکٹرز کی جانب سے اپنے ان تمام شراکت داروں کا خصوصی شکریہ ادا کرنا چاہتا ہوں۔

بحکم بورڈ

دلشاد علی



Certificate No. SG05/0299

# KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

| Profit and Loss account | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|
| | (Rupees) | (Rupees) | (Rupees) | (Rupees) | (Rupees) | (Rupees) |
| Sales | 171,838,859 | 90,100,736 | 178,751,304 | 251,941,812 | 136,879,520 | 116,766,735 |
| Cost of sales | (162,721,428) | (107,786,598) | (183,331,952) | (250,581,826) | (136,491,952) | (125,296,669) |
| Gross Profit/(Loss) | 9,117,431 | (17,685,862) | (4,580,648) | 1,359,986 | 387,568 | (8,529,934) |
| Operating Expenses | | | | | | |
| - Distribution cost | (659,543) | (262,692) | (460,715) | (607,172) | (255,803) | (771,862) |
| - Administrative expenses | (17,021,785) | (9,528,833) | (10,236,277) | (9,316,039) | (9,681,573) | (9,492,144) |
| - Other operating expenses | - | - | | - | - | - |
| | (17,681,328) | (9,791,525) | (10,696,992) | (9,923,211) | (9,937,376) | (10,264,006) |
| | | - | | | | |
| Operating Profit/ (Loss) | (8,563,897) | (27,477,387) | (15,277,640) | (8,563,225) | (9,549,808) | (18,793,940) |
| Other operating income | 1,752,376 | 18,580 | | | | 204,562 |
| Finance cost | (257,469) | (259,524) | (323,120) | (1,263,565) | (2,846,590) | (10,715,589) |
| Profit/(Loss) before derecognition of financial liabilities | (7,068,991) | (27,718,331) | (15,600,760) | (9,826,790) | (12,396,398) | (29,304,967) |
| Derecognition of financial liabilities | - | - | - | - | 12,833,838 | 4,974,048 |
| Profit/(Loss) before taxation | (7,068,991) | (27,718,331) | (15,600,760) | (9,826,790) | 437,440 | (24,330,919) |
| Taxation | 1,519,533 | 19,899,725 | 11,884,058 | (23,577,198) | 71,624,390 | (1,276,783) |
| Profit/(Loss) after taxation | (5,549,458) | (7,818,607) | (3,716,703) | (33,403,989) | 72,061,829 | (25,607,702) |
| **Balance Sheet** | | | | | | |
| Share Capital | 132,716,000 | 132,716,000 | 132,716,000 | 132,716,000 | 132,716,000 | 132,716,000 |
| Accumulated loss | (244,515,791) | (255,206,176) | (264,146,890) | (278,841,312) | (264,024,031) | (479,686,920) |
| Net worth | (111,799,791) | (122,490,176) | (131,430,890) | (146,125,312) | (131,308,031) | (346,970,920) |
| Long term liabilities | 46,750,432 | 52,994,278 | 74,248,886 | 78,678,297 | 60,197,547 | 233,890,194 |
| Current liabilities | 149,584,618 | 193,902,145 | 204,513,165 | 218,070,824 | 194,272,304 | 258,149,099 |
| | 196,335,050 | 246,896,423 | 278,762,051 | 296,749,121 | 254,469,851 | 492,039,293 |
| Property, plant and equipment | 388,316,199 | 415,700,484 | 445,743,474 | 482,466,874 | 514,787,145 | 231,716,091 |
| Long term deposits | - | - | | | - | - |
| Current assets | 47,228,889 | 77,349,816 | 87,240,458 | 71,607,727 | 30,432,331 | 44,187,227 |
| | 435,545,088 | 493,050,300 | 532,983,932 | 554,074,601 | 545,219,476 | 275,903,318 |
| **Key Financial Ratios** | | | | | | |
| Gross profit ratio (%) | 5.31 | (19.63) | (2.56) | 0.54 | 0.28 | (7.31) |
| Operating profit ratio (%) | (4.98) | (30.5) | (8.55) | (3.40) | (6.98) | (16.10) |
| Net profit ratio (%) | (3.23) | (8.68) | (2.08) | (13.26) | 52.65 | (21.93) |
| Current ratio | 0.32 | 0.40 | 0.43 | 0.33 | 0.16 | 0.17 |
| Leverage (Total liabilities/Net worth) | (1.76) | (2.02) | (2.12) | (2.03) | (1.94) | (1.42) |
| Earning per share (Rs./share) | (0.42) | (0.59) | (0.28) | (2.52) | 5.43 | (1.93) |

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

| Category | Names |
|---|---|
| Executive Directors | Mr. Khawar Almas Khawaja<br>Mr. Dilshad Ali |
| Non-Executive Directors | Mrs. Nighat Khawar<br>Mrs. Zulaibia Andleeb<br>Mr. Muhammad Alamgir<br>Mr. Basim Dilshad |
| Independent Director | Mr. Abid Hussain |

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 tax payers and none of them has defaulted in payment of any loan to banking company, a DFI or an NBFI or, being a broker of stock exchange, has been declared as a defaulter by that stock exchange.

4. No Casual vacancies occurred on the Board of Directors of the Company during the financial year ended on June 30, 2017.

5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

8. The meetings of the Board were presided over by 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 meeting were appropriately recorded and circulated.

9. All the directors on the board are fully conversant with their duties and responsibilities as directors of corporate bodies.

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

11. The director's report for this year has been prepared in compliance with the requirements of the CCG 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 Executive do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises three members, majority of them are non- executive directors and the chairman of the committee is also Independent -director.
16. The meeting of the audit committee were held at least once every quarter for the review of interim and final results prior to the approval by the Board of the Directors and as required by the Code. The terms of reference of the committee have been approved by the Board and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom one is Independent director, one is executive director and one is non- executive director. And the Chairman of the committee is an independent director.
18. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditor of the company has confirmed that they have been given a satisfactory rating under the quality review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).
20. The statutory auditors or the person associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from said list.
24. We confirm that all other material principles contained in the CCG have been complied with.

**On behalf of the Board**

**Chief Executive**

**Dated: October 10, 2017**

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **HAMID TEXTILE MILLS LIMITED** ("the Company") for the year ended 30, June 2017, to comply with the Listing Regulations of the Pakistan Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where suc h compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee place before the Board of Directors for their consideration and approval 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, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were taken at arm's length price or not.

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

**HLB IJAZ TABUSSUM & CO.**
**Chartered Accountants**
Engagement Partner:
Mrs. Saira Muddassar

**Dated: October 10, 2017**
**Place: Lahore**

# Auditors' Report to the Members

We have audited the annexed balance sheet of **HAMID TEXTILE MILLS LIMITED** as at June 30, 2017 and the related Profit and Loss account, statement of comprehensive income, statement of cash flows 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 management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:-

1. The financial statement of the company for the year ended June 30, 2017 reflected loss after taxation Rs. (5.549) million (2016: Rs. (7.818) million), and as of that date it has accumulated losses of Rs. 244.515 million (2016: Rs. 255.206 Million) which has resulted in net capital deficiency of Rs. 111.799 million (2016: Rs. 122.490 Million), its current liabilities exceeds its current assets by Rs.102.356 million (2016: 116.552 Million). The company financial facilities stand expired which are not renewed and the company is unable to ensure the timely repayments of the debts owing to financial constraints due to the squeezed working capital facilities. Spinning department of the company remained closed for 2 and half months during the year. These conditions indicates the existence of material uncertainty which may cast significant doubts about the Company's ability to continue as going concern.

Except for the contents of the preceding paragraph and the extent to which these affect the annexed financial statements:-

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

(b) In our opinion,

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

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

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

(c) Owing the significance of the matter stated in paragraphs above and possible adjustments that may be required but are not determined, 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, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give information required by Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the loss, its comprehensive income, its cash flows and the changes in equity for the year then ended; and

(d) In our opinion, no zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

**HLB IJAZ TABUSSUM & CO.**
**Chartered Accountants**
Engagement Partner:
Mrs. Saira Muddassar (FCA)

**Dated: October 10, 2017**
**Place: Lahore**

# BALANCE SHEET
## AS AT JUNE 30, 2017

| | Note | JUNE, 30 2017 Rupees | JUNE, 30 2016 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 4 | 388,316,199 | 415,700,484 |
| Deferred tax Asset | 16.1 | 1,394,380 | - |
| **CURRENT ASSETS** | | | |
| Stores, spares and loose tools | 5 | 12,052,307 | 10,795,012 |
| Stock in trade | 6 | 10,916,115 | 36,658,518 |
| Trade debts | 7 | 18,050,362 | 22,629,949 |
| Loans and advances | 8 | 2,215,873 | 3,497,025 |
| Trade deposits and short term prepayments | 9 | 210,000 | 202,308 |
| Tax refunds due from the Government | 10 | 3,003,609 | 1,833,731 |
| Cash and bank balances | 11 | 780,623 | 1,733,273 |
| | | 47,228,889 | 77,349,816 |
| | | **436,939,468** | **493,050,300** |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| **Authorized Share Capital** | | | |
| **15,000,000 shares (2016: 15,000,000) of Rs. 10/= each** | | 150,000,000 | 150,000,000 |
| Issued, subscribed and paid up capital | 12 | 132,716,000 | 132,716,000 |
| Accumulated loss | | (244,515,791) | (255,206,176) |
| | | (111,799,791) | (122,490,176) |
| SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | 13 | 352,404,209 | 368,644,052 |
| **NON-CURRENT LIABILITIES** | | | |
| Long term loan from Banking Companies - secured | 14 | - | - |
| Long term loan from related parties - unsecured | 15 | 46,693,739 | 41,247,563 |
| Deferred liabilities | 16 | 56,693 | 11,746,715 |
| | | 46,750,432 | 52,994,278 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 18 | 39,667,182 | 80,142,606 |
| Accrued mark-up | 19 | 34,839,787 | 34,839,787 |
| Short term borrowings | 20 | 24,520,298 | 26,362,402 |
| Current & overdue portion of long term liabilities | 21 | 50,557,351 | 52,557,351 |
| | | 149,584,618 | 193,902,145 |
| CONTINGENCIES AND COMMITMENTS | 22 | - | - |
| | | **436,939,468** | **493,050,300** |

**The annexed notes from 1 to 39 form an integral part of these financial statements.**

Dilshad Ali
Chief Executive

Basim Dilshad
Director

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

| | Note | JUNE 2017 Rupees | JUNE 2016 Rupees |
|---|---|---|---|
| Sale - (Net) | 23 | 171,838,859 | 90,100,736 |
| Cost of sales | 24 | (162,721,428) | (107,786,598) |
| Gross Profit/ (Loss) | | 9,117,431 | (17,685,862) |
| - Distribution Cost | 25 | 659,543 | 262,692 |
| - Administrative Expenses | 26 | 17,021,785 | 9,528,833 |
| | | (17,681,328) | (9,791,525) |
| Operating loss | | (8,563,897) | (27,477,387) |
| Other income | 27 | 1,752,376 | 18,580 |
| Finance Cost | 28 | (257,469) | (259,524) |
| | | (7,068,991) | (27,718,331) |
| Taxation | 29 | 1,519,533 | 19,899,725 |
| (Loss)/ profit after taxation carried to statement of comprehensive income | | (5,549,458) | (7,818,606) |
| (Loss) / Earning Per Share - Basic | 30 | (0.42) | (0.59) |

**The annexed notes from 1 to 39 form an integral part of these financial statements.**

Dilshad Ali
Chief Executive

Basim Dilshad
Director



Certificate No. SG05/0299

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

| | JUNE 2017 Rupees | JUNE 2016 Rupees |
|---|---|---|
| **PROFIT / (LOSS) FOR THE PERIOD** | (5,549,458) | (7,818,606) |
| Items that will not be reclassified to profit or loss | | |
| Gain / (Loss) on remeasurement of staff retirement benefit obligation | - | (249,397) |
| | - | (249,397) |
| Items that may be reclassified subsequently to profit or loss: | | |
| Incremental Depreciation on revalued assets | 23,536,005 | 25,012,822 |
| Related deferred tax | (7,296,162) | (8,004,103) |
| | 16,239,843 | 17,008,719 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | 10,690,385 | 8,940,714 |

The annexed notes from 1 to 39 form an integral part of these financial statements.

Dilshad Ali
Chief Executive

Basim Dilshad
Director

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

| | Share Capital | Accumulated Loss | Surplus on Revaluation of Fixed Assets | Total |
|---|---|---|---|---|
| | (Amounts in Rupees) | | | |
| **Balance as at July 01, 2015** | 132,716,000 | (264,146,890) | 385,652,771 | 254,221,881 |
| Total Comprehensive income for the year ( restated) | - | 8,940,714 | - | 8,940,714 |
| De-recognition of Financial Liability | - | - | - | - |
| Revaluation Surplus | - | - | - | - |
| Incremental Depreciation effect (net of deferred tax) | | | (17,008,719) | (17,008,719) |
| **Balance as on June 30, 2016** | 132,716,000 | (255,206,176) | 368,644,052 | 246,153,876 |
| Total Comprehensive income for the year | - | 10,690,385 | - | 10,690,385 |
| Incremental Depreciation effect (net of deferred tax) | | | (16,239,843) | (16,239,843) |
| **Balance as on June 30, 2017** | 132,716,000 | (244,515,791) | 352,404,209 | 240,604,418 |

The annexed notes from 1 to 39 form an integral part of these financial statements.

Dilshad Ali
Chief Executive

Basim Dilshad
Director

# STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED JUNE 30, 2017

| | Note | 2017 Rupees | 2016 Rupees |
|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| (Loss)/ profit before taxation | | (7,068,991) | (27,718,331) |
| **ADJUSTMENTS** | | | |
| Depreciation | | 27,466,488 | 30,061,570 |
| Provision/ (Reversal) for gratuity | | 1,149,503 | 1,386,060 |
| Gain on disposal of fixed assets | | (82,203) | (18,580) |
| De-recognition of financial liability | | (1,670,173) | - |
| Finance cost | | 257,469 | 259,524 |
| | | 27,121,084 | 31,688,574 |
| Operating profit before adjustment of working capital | | 20,052,093 | 3,970,243 |
| **(Increase) / decrease in current assets:** | | | |
| Stores, spares and loose tools | | (1,257,295) | (1,647,020) |
| Stock in trade | | 25,742,403 | (23,930,082) |
| Trade debts | | 4,579,587 | 35,740,427 |
| Loans and advances | | 1,281,152 | (1,659,952) |
| Trade deposits and short term prepayments | | (7,692) | 582,261 |
| Tax refunds due from the Government | | (1,169,879) | (123,096) |
| | | 29,168,277 | 8,962,538 |
| **Increase/(decrease) in current liabilities:** | | | |
| Trade and other payables | | (38,755,692) | (6,419,188) |
| **Cash generated from operations** | | 10,464,678 | 6,513,593 |
| Gratuity paid | | (10,995,983) | (248,281) |
| Finance Cost | | (257,469) | (259,524) |
| Taxes paid | | (1,767,946) | (2,155,359) |
| **Net cash generated from operating activities** | | (2,556,720) | 3,850,427 |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Purchase of Fixed Asset | | (1,648,575) | (1,412,821) |
| Disposal proceeds of Fixed Asset | | 1,648,575 | 1,412,821 |
| **Net cash (outflow) from investing activities** | | - | - |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Short term loan from related parties - unsecured | | (1,842,104) | (1,737,480) |
| Long term loan from related parties - unsecured | | 5,446,176 | (1,841,052) |
| Repayment of Finance Lease (overdue) | | (2,000,000) | (1,200,000) |
| **Net cash outflow from financing activities** | | 1,604,072 | (4,778,532) |
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | | (952,650) | (928,105) |
| **Cash and cash equivalents at the beginning of the year** | | (22,787,025) | (21,858,920) |
| **Cash and cash equivalents at the end of the year** | 31 | **(23,739,675)** | **(22,787,025)** |

**The annexed notes from 1 to 39 form an integral part of these financial statements.**

Dilshad Ali
Chief Executive

Basim Dilshad
Director

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

### 1. THE COMPANY AND ITS ACTIVITIES

1.1

Hamid Textile Mills Limited ( the "Company") was incorporated in Pakistan on April, 09, 1987 as a Private Limited Company and was subsequently converted on February 15, 1988 into Public Limited Company under the Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange in Pakistan. The registered office of the Company is at Changa Manga Road, Wan Adhan, Tehsil Pattoki, district Kasur. The principal business of the company is to manufacture yarn and grey cloth, which are marketed within and outside Pakistan. The Company's manufacturing activities are located at Wan Adhan, Tehsil Pattoki, Distt. Kasur.

1.2

The financial statement of the company for the year ended June 30, 2017 reflected loss after taxation Rs.(5.549) million (2016: Rs. (7.818) million), and as of that date it has accumulated losses of Rs. 244.515 million (2016: Rs. 255.206 Million) which has resulted in net capital deficiency of Rs. 111.799 million (2016: Rs. 122.490 Million), its current liabilities exceeds its current asset by Rs102.356 million (2016: 116.552 Million). The company financial facilities stand expired which are not renewed and the company is unable to ensure the timely repayments of the debts owing to financial constraints due to the squeezed working capital facilities. Spinning department of the company remained closed for 2 and half months during the year. These conditions indicates the existence of material uncertainty which may cast significant doubts about the Company's ability to continue as going concern.

However total assets exceeds its total liabilities by Rs. 239.210 million as on the balance sheet date, and therefore, the company will be able to liquidates its liabilities in normal course of business. However, the management is making concentrated efforts to revive the unit into viable operations and the management feels that with the elimination of the energy crises and with the reduction of KIBOR to 6.4% by the SBP management would be successful in negotiating the settlement with the banks for restructuring and renewal of the financial facilities. So, the mill would be made operative and will revive the equity of the shareholders, therefore, these financial statements have been prepared under the going concern basis without any adjustment to assets and liabilities as the management expects that these factors are temporary, will be reverse in foreseeable future and the unit could be operative.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

The companies act 2017 has been promulgated with effect from May 31, 2017, however the securities and exchange commission of Pakistan (SECP) through its circular # 17 of 2017 dated July 20, 2017, has directed the companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance 1984. These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such international financial reporting standards (IFRS) issued by International accounting standard board as are notified under the repealed Companies Ordinance 1984, Provisions and directives issued under the repealed Companies Ordinance 1984. In case requirements differ the provisions of and directives of the repealed Companies Ordinance 1984 shall prevail.

**2.2 Accounting convention**

These financial statements have been prepared under the historical cost convention and on accrual basis except recognition of the staff retirement benefits at present value and as modified by the revaluation of building and plant and machinery and as stated in notes 3.1 & 3.3.These financial statements have been prepared following accrual basis of accounting except for cash flow information.

**2.3 Critical accounting estimates and judgements**

The preparation of financial statements in conformity with approved accounting standards requires management to make estimate and to exercise judgements in the process of applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements. The estimates and judgements are continually evaluated and are based on historical experience including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

**2.4 Useful lives, patterns of economic benefits and impairments**

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

**2.5 Provision for doubtful debts**

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

**2.6 Functional and presentation currency**

These financial statements are prepared and presented in Pakistani rupees, which is the company's functional and presentation currency.

**2.7 Changes / Amendments in Accounting Standards**

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

The Company has adopted the following revised standards, amendments and interpretations of IFRSs which became effective for the current year effective date July 01, 2016 : (But some of them are not relevant to the company)

| | |
|---|---|
| IAS 1 | Presentation of Financial Statements |
| IAS 16 | Property,Plant and Equipment |
| IAS 34 | Interim Financial Reporting |
| IAS 27 | Separate Financial Statements (Revised 2011) |
| IFRS 10 | Consolidated Financial Statements |
| IFRS 11 | Joint Arrangements |

**2.8 Amendments/ Improvements to Accounting Standards not yet effective**

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation

| | | Effective date(annual periods beginning on or after) |
|---|---|---|
| IFRS 2 | Classification and measurement of Share Based Payments | January 01,2018 |
| IFRS 10 | Consolidated Financial Statements and IAS 28 Investment in associates | Yet not finalised |
| IFRS 4 | Insurance Contracts:Applying IFRS 9 Financial Instruments with IFRS 4 | January 01,2018 |
| IAS 7 | Statement of Cash Flows - Amendments resulting from the disclosure initiative. | January 01,2017 |
| IAS 12 | Income Tax - Amendments regarding the recognition of deferred tax assets for unrealized Losses. | January 01,2017 |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration | January 01,2018 |
| IFRIC 23 | Uncertainity over IncomeTax treatment | January 01,2019 |
| | **Annual Improvements to IFRSs 2012-2014 Cycle** | |
| IFRS 5 | Non current assets Held for sale and Discontinued Operations - change in method of Disposal | |
| IFRS 7 | Financial Instruments Disclosure- servicing Contracts | |
| IAS 19 | Employee Benefits- Discount rate regional market issue | |

**2.9 Standards, Interpretations and amendments to approved accounting standards that are not yet effective**

The following new standards and interpretation have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by Securities and Exchange Commission of Pakistan.

| | | IASB effective date (annual periods beginning on or after |
|---|---|---|
| IFRS 9 | Financial Instruments | January 01,2018 |
| IFRS 14 | Regulatory Deferral Accounts | January 01,2018 |
| IFRS 15 | Revenue from Contracts with Customers | January 01,2018 |
| IFRS 16 | Leases | January 01,2019 |

The managements anticipates that the adoption of the above standards and amendments in future periods will have no material impact on the company's financial statements.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Staff retirement benefits

Company operate an unfunded gratuity scheme (defined benefit plan) covering all eligible employees, payable at the cessation of employment. Gratuity is based on employees' last drawn salary. Provisions are to cover the obligations under the scheme on the basis of actuarial valuation and are charged to Statement of profit and Loss . The most recent valuation was carried out on June 30, 2016 using the "Projected Unit Credit Method".
The amount recognized on balance sheet represents the present value of defined benefit obligation. Actuarial gains or loss are recognized immediately in other comprehensive income as required by IAS 19 -(Revised) Employee Benefits. The details of the scheme are referred to in note 16 to the financial statements. The latest actuarial valuation was carried out as at 30 June 2017.

### 3.2 Taxation

**Current**

The charge for current tax is based on taxable income at current tax rates after considering the rebates and tax credits available, if any.

**Deferred**

The company accounts for deferred taxation using the balance sheet liability method on all major temporary differences arising between the carrying value of assets and liabilities in the financial statements and corresponding tax base used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences which are likely to reverse in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

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

Deferred tax is recognized as income or expense in the profit and loss account except when it relates to items that are credited or charged to equity where it is included in equity.

### 3.3 Property, plant, equipment and depreciation

**Owned**

These are stated at cost or revalued amount less accumulated depreciation except free hold land and capital work-in-progress, which are stated at cost. Cost comprises acquisition and other directly attributable costs.

Land, building and plant and machinery have been valued on the basis of revaluation carried out on June 30, 2013 (Note 4). Depreciation is charged to profit and loss account applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life at the rate specified in the Note 4.1.

Depreciation on additions during the year is charged on pro-rata basis when the asset is available for use.

Similarly the depreciation on deletion is charged on pro-rata up to the period when the asset is derecognized.

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

Gains and losses on disposal of property, plant & equipment are included in income in the year the assets are disposed off. Normal repair and maintenance and replacement is charged to income as and when incurred while major renewals and improvements are capitalized.

Depreciation on revaluation of property, plant & equipment has been charged in accordance with section 235 of the Companies Ordinance, 1984 as notified by SRO 45 (1)/2003 dated January 13, 2003.

**Assets subject to Finance Lease**

The company accounts for assets under finance lease by recording the assets and the related liability. The amounts are determined on the basis of the lower of fair value of the assets and the present value of minimum lease payments. Financial charges are charged to profit and loss account using the internal rate of return method.

Depreciation is charged at the rate as specified in the note 4.1, so as to write off the assets over their useful lives in view of certainty of ownership of the assets at the end of the lease term. The security deposit paid against lease arrangements will be adjusted at the end of the lease term.

### 3.4 Impairment of assets

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

### 3.5 Stores, spares and loose tools

These are valued at lower of moving average cost or net realizable value, except items in transit, which are stated at cost plus other charges incurred thereon up to balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

**3.6 Stock in trade**

These are valued at lower of cost and net realizable value except waste, which are valued at contract price. Cost is determined as under:

| | |
|---|---|
| Raw material | Moving average cost. |
| Work in process and finished goods | Prime cost plus estimated production overheads. |

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

**3.7 Revenue recognition**

Export sales are accounted for on shipment basis and resultant exchange differences on realization of export proceeds are adjusted in profit and loss statement. Local sale are recorded on dispatch of goods to the customer. Export rebate is accounted for on accrual basis.

**3.8 Provision**

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

**3.9 Trade debts and other receivables**

These are carried at original invoice amount less an estimate made for doubtful receivables based on review of the outstanding amounts individually at year end. Bad debts are written off when identified.

**3.10 Financial instruments**

Financial assets and liabilities are recognized at cost, which is fair value of the consideration given or received at the time when the company becomes a party to the contractual provisions of the instrument. The company de-recognizes a financial asset or a portion of financial asset when, and only when, the enterprise losses control of the contractual rights that comprise the financial assets or portion of financial asset. While a financial liability or part of financial liability is de-recognized from the balance sheet when, and only when, it is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expired.

Any gain or loss on recognition and settlement of financial assets and liabilities is included in net profit or loss in the period in which it arises.

**3.11 Long term deposits**

These are stated at cost which represents the fair value of the consideration paid.

**3.12 Trade and other payables**

Liabilities for trade and other payable are measured at cost which is the fair value of consideration to be paid in future for goods and services.

### 3.13 Borrowing cost

Borrowing costs are recognized as an expense in which these are incurred except to the extent these are directly attributable to acquisition, construction or production of qualifying assets, where these are added to the cost of those assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use/sale.

### 3.14 Foreign currency transaction

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing at the date of transaction or on the date when fair values are determined. All exchange difference are taken to profit and loss account.

### 3.15 Off setting of financial assets and liabilities

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

### 3.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at book value which approximates their fair values. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with bank on current, saving and deposit accounts, short term bank borrowings and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to in significant risk of change in value.

### 3.17 Related party transaction and transfer pricing

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

Parties are said to be related if they able to influence the operating and financial decisions of the company and vice versa.

4.1 **Property, plant & equipment-Tangible**

| Particulars | 2016-2017 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | COST/REVALUED AMOUNT | | | | RATE % | DEPRECIATION | | | | W.D.V. |
| | As on 01-07-2016 | Additions (Deletions) | Revaluation Surplus | As on 30-06-2017 | | As on 01-07-2016 | For the Period | Adjustments | As on 30-06-2017 | AS AT 30-06-2017 |
| **Owned:** | | | | | | | | | | |
| Land | 75,000,000 | - | - | 75,000,000 | | - | - | - | - | 75,000,000 |
| Building | 191,198,496 | - | - | 191,198,496 | 5 | 56,846,119 | 6,717,619 | - | 63,563,738 | 127,634,758 |
| Plant & Machinery | 405,047,160 | - | - | 405,047,160 | 10 | 204,043,370 | 20,100,379 | - | 224,143,749 | 180,903,411 |
| Tools & Equipment | 1,503,568 | - | - | 1,503,568 | 10 | 1,375,356 | 12,821 | - | 1,388,177 | 115,391 |
| Tube well & Pumps | 331,921 | - | - | 331,921 | 10 | 309,869 | 2,205 | - | 312,074 | 19,847 |
| Furniture & Fixture | 2,530,932 | - | - | 2,530,932 | 10 | 2,153,941 | 37,699 | - | 2,191,640 | 339,292 |
| Office Equipment | 3,180,132 | - | - | 3,180,132 | 10 | 2,380,309 | 79,982 | - | 2,460,291 | 719,841 |
| Vehicles | 2,815,401 | 1,648,575 | | 2,815,401 | 20 | 2,496,843 | 145,915 | (82,203) | 2,560,555 | 254,846 |
| | | (1,648,575) | | | | | | | | |
| | 681,607,610 | - | - | 681,607,610 | | 269,605,807 | 27,096,620 | (82,203) | 296,620,224 | 384,987,386 |
| **Assets subject to finance lease** | | | | | | | | | | |
| Plant & Machinery | 21,166,521 | - | - | 21,166,521 | 10 | 17,467,840 | 369,868 | - | 17,837,708 | 3,328,813 |
| **JUNE 30, 2017** | **702,774,131** | **-** | **-** | **702,774,131** | | **287,073,647** | **27,466,488** | **(82,203)** | **314,457,932** | **388,316,199** |
| **JUNE 30, 2016** | **702,774,131** | **-** | **-** | **702,774,131** | | **257,030,657** | **30,061,570** | **(18,580)** | **287,073,647** | **415,700,484** |

| Particulars | 2015-2016 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | COST/REVALUED AMOUNT | | | | RATE % | DEPRECIATION | | | | W.D.V. |
| | As on 01-07-2015 | Additions (Deletions) | Revaluation Surplus | As on 30-06-2016 | | As on 01-07-2015 | For the Period | Adjustments | As on 30-06-2016 | AS AT 30-06-2016 |
| **Owned:** | | | | | | | | | | |
| Land | 75,000,000 | - | - | 75,000,000 | | - | - | - | - | 75,000,000 |
| Building | 191,198,496 | - | - | 191,198,496 | 5 | 49,774,941 | 7,071,178 | - | 56,846,119 | 134,352,377 |
| Plant & Machinery | 405,047,160 | - | - | 405,047,160 | 10 | 181,709,616 | 22,333,754 | - | 204,043,370 | 201,003,790 |
| Tools & Equipment | 1,503,568 | - | - | 1,503,568 | 10 | 1,361,110 | 14,246 | - | 1,375,356 | 128,212 |
| Tube well & Pumps | 331,921 | - | - | 331,921 | 10 | 307,419 | 2,450 | - | 309,869 | 22,052 |
| Furniture & Fixture | 2,530,932 | - | - | 2,530,932 | 10 | 2,112,053 | 41,888 | - | 2,153,941 | 376,991 |
| Office Equipment | 3,180,132 | - | - | 3,180,132 | 10 | 2,291,440 | 88,869 | - | 2,380,309 | 799,823 |
| Vehicles | 2,815,401 | 1,412,821 | - | 2,815,401 | 20 | 2,417,203 | 98,220 | (18,580) | 2,496,843 | 318,558 |
| | | (1,412,821) | | | | | | | | |
| | 681,607,610 | - | - | 681,607,610 | | 239,973,782 | 29,650,605 | (18,580) | 269,605,807 | 412,001,803 |
| **Assets subject to finance lease** | | | | | | | | | | |
| Plant & Machinery | 21,166,521 | - | - | 21,166,521 | 10 | 17,056,875 | 410,965 | - | 17,467,840 | 3,698,681 |
| **JUNE 30, 2016** | **702,774,131** | **-** | **-** | **702,774,131** | | **257,030,657** | **30,061,570** | **(18,580)** | **287,073,647** | **415,700,484** |

-

**4.1.1 Depreciation is allocated as under:**

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Cost of sales | 27,202,892 | 29,832,593 |
| Administrative expenses | 263,596 | 228,977 |
| | 27,466,488 | 30,061,570 |

**4.1.2** Revaluation of land, building on freehold land and plant & machinery was carried out by M/s Surval registered valuers by Pakistan Banks Association using the market value ascertained from the real estate agents in that area as on June 30, 2013 that produced a revaluation surplus of Rs. 295,191,006/-. Revaluation of land, building on freehold land and plant and machinery as on June 30, 2010 was carried out by M/s Spell Vision, registered surveyors and valuation consultants using market method and produced a revaluation surplus of Rs. 76,542,748/-.

**4.1.3** Movement in revaluation surplus represents the incorporation of effect of incremental depreciation in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 45(1)/2003 dated January 13, 2003, which allowed adjustment of depreciation attributable to the incremental value, arising on revaluation of fixed assets for the current and prior years against the surplus on revaluation and unappropriated profit / accumulated loss through statement of changes in equity.

**4.1.4** Revaluation between plant & machinery owned and leased has been apportioned on the basis of written down value as on June 30, 2013 before the revaluation.

**4.1.5** Had there been no revaluation, the original cost, accumulated depreciation, and book value of revalued class of property, plant & equipment would have been as follows:

| Description | 01-07-2016 | ADDITIONS/ (DELETION) | 30-06-2017 | ACCUMULATED DEPRECIATION | BOOK VALUE AS 30-06-2017 |
|---|---|---|---|---|---|
| **Building** | 71,835,757 | - | 71,835,757 | 61,117,207 | 10,718,550 |
| **Plant & Machinery** | 330,553,738 | - | 330,553,738 | 291,538,410 | 39,015,328 |
| **Plant & Machinery-Leased** | 18,000,000 | - | 18,000,000 | 16,361,182 | 1,638,818 |
| | **420,389,495** | **-** | **420,389,495** | **369,016,800** | **51,372,696** |

| Description | COST AS AT 01-07-2015 | ADDITIONS/ (DELETION) | COST AS AT 30-06-2016 | ACCUMULATED DEPRECIATION | BOOK VALUE AS 30-06-16 |
|---|---|---|---|---|---|
| **Building** | 71,835,757 | - | 71,835,757 | 60,553,073 | 11,282,684 |
| **Plant & Machinery** | 330,553,738 | - | 330,553,738 | 287,203,374 | 43,350,364 |
| **Plant & Machinery-Leased** | 18,000,000 | - | 18,000,000 | 16,179,091 | 1,820,909 |
| | **420,389,495** | **-** | **420,389,495** | **363,935,538** | **56,453,957** |

**4.1.6 Detail of fixed assets disposal**

| Particulars | Quantity | Cost | Acc. Depreciation | Book Value | Sale Proceed | Gain on Disposal |
|---|---|---|---|---|---|---|
| **Toyota Corolla** | 1 | 1,648,575 | 82,203 | 1,566,372 | 1,648,575 | 82,203 |
| | | - | - | - | - | - |
| **Total** | **1** | **1,648,575** | **82,203** | **1,566,372** | **1,648,575** | **82,203** |

**4.1.7** The Disposal transaction is held with related parties on arm's length basis.

| | | | 2017 Rupees | 2016 Rupees |
|---|---|---|---|---|
| **5.** | **STORES, SPARES AND LOOSE TOOLS** | | | |
| | Stores and spares | | 12,052,307 | 10,795,012 |
| | No stores, spares and loose tools were in transit at the balance sheet date. | | | |
| | No stores, spares and loose tools were held for capitalization at the balance sheet date. | | | |
| **6.** | **STOCK IN TRADE** | | | |
| | Raw material | | 8,797,750 | 14,148,948 |
| | Work-in-process | | 1,244,117 | 2,293,955 |
| | Finished goods | | 874,248 | 20,215,615 |
| | | | 10,916,115 | 36,658,518 |
| | No stock in trade was in transit at the balance sheet date. | | | |
| **7.** | **TRADE DEBTS - Unsecured** | | | |
| | Considered good-Unsecured. | | 18,050,362 | 22,629,949 |
| **8.** | **LOANS AND ADVANCES** | | | |
| | Advances - *considered good (Unsecured)* | | | |
| | To employees | **8.1** | 541,923 | 870,362 |
| | To suppliers | | 1,673,950 | 2,626,663 |
| | | | 2,215,873 | 3,497,025 |

**8.1** No amount was due from chief executive and director as at balance sheet date (2016 : Nil).

**9. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**

| | | |
|---|---|---|
| Trade deposits: | | |
| Security deposits | 200,000 | 200,000 |
| Advance against others | 10,000 | - |
| Prepaid insurance | - | 2,308 |
| | 210,000 | 202,308 |

**10. TAX REFUNDS DUE FROM THE GOVERNMENT**

| | | |
|---|---|---|
| Sales tax refundable | 3,003,609 | 1,833,731 |

**11. CASH AND BANK BALANCES**

| | | |
|---|---|---|
| Cash in hand | 512,855 | 4,616 |
| Cash at bank (Current accounts in Pak Rupees) | 267,768 | 1,728,657 |
| | 780,623 | 1,733,273 |

**12. SHARE CAPITAL**

| | | |
|---|---|---|
| **Authorized:** | | |
| 15,000,000 (2016:15,000,000) ordinary shares of Rs.10/= each | 150,000,000 | 150,000,000 |
| **Issued, subscribed and paid-up:** | | |
| 13,271,600 (2016: 13,271,600) ordinary shares of Rs.10/= each fully paid in cash | 132,716,000 | 132,716,000 |

**13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**

| | | |
|---|---|---|
| Opening balance: | | |
| Land freehold | 69,626,022 | 69,626,022 |
| Building on freehold land | 127,315,972 | 131,797,073 |
| Plant and machinery | 169,245,039 | 181,593,390 |
| Plant and machinery leased | 2,457,018 | 2,636,286 |
| | 368,644,052 | 385,652,771 |

| | 2017<br>Rupees | 2016<br>Rupees |
|---|---|---|
| **Add: Assets revalued during the year surplus on assets** | | |
| Land freehold | - | - |
| Building on freehold land | - | - |
| Plant and machinery - owned | - | - |
| Plant and machinery - leased | - | - |
| **Adjustments** | - | - |
| Depreciation on the incremental value arising on Revaluation of property, plant and equipment: | | |
| Current year: | | |
| Building on freehold land | (6,365,799) | (6,589,854) |
| Plant and machinery | (16,924,504) | (18,159,339) |
| Plant and machinery leased | (245,702) | (263,629) |
| | (23,536,005) | (25,012,822) |
| Related Deferred tax liability | 7,296,162 | 8,004,103 |
| | 352,404,209 | 368,644,052 |

Revaluation of building, freehold land and plant and machinery as on June 30, 2013 produced a revaluation surplus of Rs. 295,191,006/- was credited to surplus on revaluation of fixed assets. Revaluation was carried out by Surval., registered surveyors and valuation consultants using market value method.

Revaluation of building on freehold land and plant and machinery as on June 30, 2010 produced a revaluation surplus of Rs.76,542,748/- which is credited to surplus on revaluation of fixed assets account. Revaluation was carried out by independent valuers M/s Spell Vision, registered surveyors and valuation consultants using market value method for revaluation of assets.

Movement in Revaluation Surplus represents the incorporation of incremental depreciation in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 45(1)/2003 dated January 13, 2003, which allowed adjustment of depreciation attributable to incremental value, arising on revaluation of fixed assets for the current and prior years against the surplus on revaluation and unappropriated Profit/Accumulated loss through statement of changes in equity.

| | | | 2017 Rupees | 2016 Rupees |
|---|---|---|---|---|
| **14.** | **LONG TERM LOANS FROM BANKING COMPANIES: (Secured)** | | | |
| | National Bank of Pakistan | | | |
| | Demand finance - I | **14.1** | 17,857,143 | 17,857,143 |
| | Demand finance - II | **14.2** | 29,531,250 | 29,531,250 |
| | | | 47,388,393 | 47,388,393 |
| | Samba Bank Limited (formerly Crescent commercial bank limited ) | **14.3** | 2,276,402 | 2,276,402 |
| | **Current portion** | | 49,664,795 | 49,664,795 |
| | National Bank of Pakistan | | | |
| | Current portion | **21** | - | - |
| | Overdue portion | **21** | 47,388,393 | 47,388,393 |
| | | | 47,388,393 | 47,388,393 |
| | Samba Bank Limited (formerly Crescent commercial bank limited )-overdue | **21** | 2,276,402 | 2,276,402 |
| | | | 49,664,795 | 49,664,795 |
| | | **14.4** | - | - |

**14.1 Demand Finance-I**

The limit under this facility is Rs.25.000 Million (2016: Rs.25.000 Million). Principal amount to be paid in 20 quarterly installments of Rs.892,857/- each for a period of 5 years starting from June 30, 2007 to March 31, 2012 through internal cash generation of the company. Principal installments for the quarters ended on 30-06-2007, 30-09-2007, 31-12-2007 and 31-03-2008 to be paid on immediate basis and markup on this facility to be paid from the date of transfer of Management i.e. 06-02-2008 by the company and its incoming directors. Markup is at SBP's discount rate with a floor of 7.5% p.a (2012: SBP's discount rate with a floor of 7.5% p.a) payable quarterly. In case of default by the company in repayment of installments on due dates, Markup @ 3 months KIBOR + 3% (2008: Markup @ 3 months KIBOR + 3%) will be charged on the principal amount of installment for the period from due date till its repayment by the company to NBP. This facility was utilized to swap the long term loans of Bankers Equity Limited.

**14.2 Demand Finance-II**

The limit under this facility is Rs.35.000 Million (2016: Rs.35.000 Million). Balance principal to be paid in 27 quarterly installments of Rs.1,093,750/- each for a period of 6.75 years starting from March 31, 2007 to September 30, 2013 through internal cash generation of the company. Principal installments of the quarters ended on 31-03-2007, 30-06-2007, 30-09-2007, 31-12-2007 & 31-03-2008 to be paid on immediate basis and markup on this facility to be paid from the date of transfer of Management i.e. 06-02-2008 by the company and its incoming directors. Markup is at SBP's discount rate with a floor of 7.5% p.a (2012: SBP's discount rate with a floor of 7.5% p.a) payable quarterly. In case of default by the company in repayment of installments on due dates, Markup @ 3 months KIBOR + 3% (2009: Mark-up @ 3 months KIBOR +3%) will be charged on the principal amount of installment for the period from due date till its repayment by the company to NBP. This facility was utilized for expansion in existing spinning unit and import of parts for up gradation of weaving unit.

**The above mentioned Demand Finance-I and II facilities are secured against the following:**

- First charge of Rs.220.000 Million on all the present/future fixed assets of the company.
- First pari passu charge of Rs.220.000 Million over all current assets of the company.
- Personal guarantees of directors of the company.

**14.3** The company has entered into Supplemental Lease Agreement with Samba Bank Limited (Formerly Crescent commercial bank limited) for the settlement of liability for which consent decree has also been obtained from the Banking Court, Lahore on November 04, 1999. Under the agreement the liability has to be settled in the following manner:

Total outstanding liability is as follows:

| | | |
|---|---|---|
| Samba Bank Limited (formerly Crescent commercial bank limited | 2,276,402 | 2,276,402 |

The company has provided 309,550 shares valued at Rs.8/- per share as security for this amount. In terms of the consent decree the total amount of Rs.2,476,402/- will be paid by the company within 42 months that is on or before March 31, 2003 for the release of these shares. The company is in the process of rescheduling and has paid Rs.0.200 Million so far against the settlement of the liability.

| | | | 2017 Rupees | 2016 Rupees |
|---|---|---|---|---|
| **15** | **LONG TERM LOAN FROM RELATED PARTIES - UNSECURED** | | | |
| | **Loan from Sponsors/Members** | **15.1** | 46,693,739 | 41,247,563 |

**15.1** This represents unsecured, interest free arrangement by the sponsors/members of the company. These are not repayable in the foreseeable future.

| | | | 2017 Rupees | 2016 Rupees |
|---|---|---|---|---|
| **16** | **DEFERRED LIABILITIES** | | | |
| | Provision for Deferred Tax/ (Asset) | **16.1** | (1,394,380) | 1,843,542 |
| | Staff retirement benefits - Gratuity | **16.2** | 56,693 | 9,903,173 |
| | | | (1,337,687) | 11,746,715 |

**16.1 PROVISION FOR DEFERRED TAXATION**

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Taxable Temporary difference | | |
| Accelerated Tax Depreciation Allowance | 91,195,867 | 100,561,913 |
| Provision for gratuity | 3,391,180 | (3,118,895) |
| Total Taxable Difference | 94,587,047 | 97,443,018 |
| Effect of Accumulated Tax Losses | 95,981,427 | 95,599,475 |
| | **(1,394,380)** | **1,843,543** |

**16.2 Staff retirement benefits (defined benefit plans)**

The amounts recognized in the balance sheet are as follows:

| | | 2017 Rupees | 2016 Rupees |
|---|---|---|---|
| Present value of defined benefit obligation (Note 16.3) | | 56,693 | 9,903,173 |
| Benefit Payable | | - | - |
| Liability as at 30 June 2017 | | 56,693 | 9,903,173 |
| Net Liability as at 01 July 2016 | **16.3** | 9,903,173 | 8,424,341 |
| Charge to profit and loss account (Note 16.4) | | 1,149,503 | 1,386,060 |
| Benefit Payable | | - | |
| Payments | | (10,995,983) | (156,625) |
| Experience adjustment | | - | 321,256 |
| Acturial (Gains)/Losses from change in financial assumption | | - | (71,859) |
| Liability as at 30 June 2017 | | 56,693 | 9,903,173 |

**16.3 Present value of defined benefit obligation**

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Present value of defined benefit obligations | 9,903,173 | 8,424,341 |
| Current service cost | 604,948 | 572,322 |
| Interest cost | 319,376 | 813,738 |
| Benefit paid | (10,995,983) | (156,625) |
| Experience adjustment | - | 321,256 |
| Acturial (Gains)/Losses from change in financial assumption | - | (71,859) |
| (Gains)/losses arising on plan settlement | 225,179 | |
| | 56,693 | 9,903,173 |

**16.4 Charge to profit and loss account:**

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Current service cost | 604,948 | 572,322 |
| Interest cost | 319,376 | 813,738 |
| (Gains)/losses arising on plan settlement | 225,179 | - |
| | 1,149,503 | 1,386,060 |

**16.5 Total Remeasurment Chargeable in other Comprehensive Income**

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Actuarial (gains)/losses from changes in demoghaphic assumptions | - | - |
| Actuarial (gains)/losses from changes in financial assumptions | - | (71,859) |
| Experience adjustments | - | 321,256 |
| **Total remeasurements chargeable in OCI** | - | 249,397 |

The latest actuarial valuation for gratuity scheme was carried out on June 30, 2017 by M/s Nauman Associates under Projected Unit Credit Method, using the following significant assumptions for valuation of the scheme:

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Discount rate | 7.75% p.a | 7.25% p.a |
| Expected rate of salary increase in future years | 6.75 % p.a | 6.25 % p.a |
| Average expected remaining working life time of employees | 7 Years | 8 Years |

## 17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This arrangement was made with Samba bank limited (Formerly Crescent Commercial Bank Limited) . The period of lease repayment has expired and the entire liability is overdue as at June 30, 2017 as follows:

| | Note | 2017 Rupees | 2016 Rupees |
|---|---|---|---|
| Overdue as at June 30, 2016 | | 6,368,958 | 6,368,958 |
| Year ending June 30, 2015 | | - | - |
| Overdue (2013 & 2014) | | - | - |
| | | 6,368,958 | 6,368,958 |
| Less: Financial charges overdue | | 2,276,402 | 2,276,402 |
| Present value of minimum lease payment | | 4,092,556 | 4,092,556 |
| Less: Current portion: | | | |
| | | 4,092,556 | 4,092,556 |
| Less: Repayments during the year | 17.1 | (3,200,000) | (1,200,000) |
| Current portion | | 892,556 | 2,892,556 |
| Overdue portion | | **892,556** | **2,892,556** |

The reconciliation of minimum lease payments and their present values is as follows:

| | Minimum lease payments (MLP) June 2017 | Minimum lease payments (MLP) June 2017 | Present value of minimum lease payments June 2017 | Present value of minimum lease payments June 2016 |
|---|---|---|---|---|
| Overdue | 6,368,958 | 6,368,958 | 892,556 | 2,892,556 |
| Due within one year | - | - | | - |
| Due more than one year but less than five years | - | - | | - |
| | 6,368,958 | 6,368,958 | 892,556 | 2,892,556 |

The lease was rescheduled on March 2004 on the revised terms as under:

The rate of interest used as discounting factor, implicit in lease is 35% (2016: 35%) per annum. Rentals are payable on monthly basis starting from September 2004. Taxes, repairs and insurance costs are to be borne by the lessee. Purchase options are available to the Company after payment of last installment and on surrender of lease deposits at the end of lease period. In case the lessee fails to pay the rentals on due dates, the lessee shall pay additional mark-up @ Rs. 1/- per thousand per day. It is secured against demand Promissory Notes amounting to Rs.16.303 million, trust receipt for the total value of Financed Machinery, personal guarantees of Directors and Pledge of 174,000 shares of the Company.

## 18 TRADE AND OTHER PAYABLES

| | 2017 | 2016 |
|---|---|---|
| Creditors | 10,265,807 | 27,793,099 |
| Accrued expenses | 11,438,655 | 15,152,966 |
| Advances from customers | 4,443,069 | 11,844,585 |
| Other payable | 12,755,426 | 24,538,172 |
| Income tax payable | 764,226 | 813,784 |
| | 39,667,182 | 80,142,606 |

## 19 ACCRUED MARK-UP

| | 2017 | 2016 |
|---|---|---|
| Accrued mark-up | 34,839,787 | 34,839,787 |
| | 34,839,787 | 34,839,787 |

**19.1** The break-up of accrued mark-up is as follows:

| | 2017 | 2016 |
|---|---|---|
| On liabilities against assets subject to finance lease | 2,163,459 | 2,163,459 |
| On long term loans from banking company | 29,876,434 | 29,876,434 |
| On short term borrowings from banking company | 2,799,894 | 2,799,894 |
| | 34,839,787 | 34,839,787 |

## 20 SHORT TERM BORROWINGS

**From Banking Company: (SECURED)**

**National Bank of Pakistan**

| | Note | 2017 | 2016 |
|---|---|---|---|
| Trust receipt | 20.1 | 19,848,336 | 19,848,336 |
| Cash finance (Pledge) | 20.2 | 4,671,962 | 4,671,962 |
| | | 24,520,298 | 24,520,298 |
| **From related party (Director): (Unsecured)** | 20.3 | - | 1,842,104 |
| | | 24,520,298 | 26,362,402 |

**20.1** It has been obtained from National Bank of Pakistan (NBP) for working capital requirements of the company and represents 30 days facility available upto Rs.20.000 Million (2016: Rs.20.000 Million). It is secured against Trust receipt, First charge of Rs.220.000 Million on all the present/future fixed assets of the company, First pari passu charge of Rs.220.000 Million over all current assets of the company and personal guarantees of directors of the company. It carries mark up at the rate of 6 months Ask KIBOR + 2.00% p.a. with floor of 7.50% p.a. (2014: 6 months Ask KIBOR + 2.00% with a floor of 7.5% p.a and no cap) payable on quarterly basis. The credit limit has expired on 31-12-2008. While company continues to repay the principal amount along with the interest charged thereon.

**20.2** It has been obtained from National Bank of Pakistan (NBP) for working capital requirements of the company and is available upto Rs.40.600 Million (2016: Rs.40.600 Million). It is secured against Lien on export LCs/firm contracts/orders in case of availment of packing finance, pledge of cotton bales, cotton yarn and grey cloth and personal guarantees of directors of the company. It carries mark up at the rate of 6 months Ask KIBOR + 2.00% p.a. with floor of 7.50% p.a. (2014: 6 months Ask KIBOR + 2.00% with a floor of 7.5% p.a) payable on quarterly basis. The credit limit has expired on 31-12-2008.

**20.3** It is unsecured and interest free loan from sponsor/directors.

## 21 CURRENT & OVERDUE PORTION OF LONG TERM LIABILITIES-(SECURED)

| | | 2017 Rupees | 2016 Rupees |
|---|---|---|---|
| **Current:** | | | |
| Long term loans from banking companies | | | |
| - National Bank of Pakistan | 14 | - | - |
| - Liability against assets subject to finance lease | 17 | - | - |
| | | - | - |
| **Overdue:** | | | |
| Long term loans from banking companies | | | |
| - National Bank of Pakistan | 14 | 47,388,393 | 47,388,393 |
| - Samba Bank Limited- Formely (Crescent Commercial Bank Limited) | 14 | 2,276,402 | 2,276,402 |
| | | 49,664,795 | 49,664,795 |
| Liability against assets subject to finance lease | 17 | 892,556 | 2,892,556 |
| | | 50,557,351 | 52,557,351 |
| | | 50,557,351 | 52,557,351 |

## 22 CONTINGENCIES AND COMMITMENTS

**Contingencies:**

(a) The Company has filed suits against E.O.B.I, before the Honoruable civil court, high court and labour court against the aggregate disputed recovery for Rs.7.1 million.The company has not incorporated this amount in the books as the management is of the view that this amount would be waived off.

(b) The company passed order u/s 122(1) of the income tax ordinance, 2001 for the tax year 2003 in which depreciation loss of Rs: 177.527 million were ignored . The company preferred appeal which pending before ATIR and the likely out come would be in favor of the company.

(c) Minimum tax under section 113 of the income tax ordinance 2001 is payable for the tax 2012 Rupees =833,456/- 2011 Rupees 2,012,606 making aggregate demand of Rupees 2,846,062 is not paid with the return while filing the income tax return for the respective tax year.

(d) The company's passed order u/s 122(1)/122(5) read with section 122(9)/177 of the Income Tax Ordinance, 2001 for the tax year 2014 in which raised demand Rupees 38,295,313/- the company preferred appeal which is pending before CIR (Appeal) and likely outcome would be in favour of the company.

(e) The National Bank of Pakistan has filed suit against the Company before the Honorable Lahore High Court, Lahore for recovery of Finances and the case has been decreed against M/S Hamid Textile Mills Limited and the company has filed the appeal in the Honorable High Court, Lahore against the decree.

In the opinion of the Legal advisor of the company, the point (a) and (e) in the contingencies have good prima facie cases in the favour of the company and they are also trying to settle down the said cases out of courts with the contesting parties.

**Commitments:**

There are no Commitments as at June 30, 2017 (2016: Nil).

## 23 SALES

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Fabric | 88,555,981 | 19,660,893 |
| Yarn | 65,043,200 | 62,818,474 |
| Conversion income | 14,488,439 | 5,910,668 |
| Waste | 3,751,239 | 1,710,701 |
| | 171,838,859 | 90,100,736 |

| | | | JUNE 2017 Rupees | JUNE 2016 Rupees |
|---|---|---|---|---|
| **24** | **COST OF SALES** | | | |
| | Raw material consumed | **24.1** | 49,928,275 | 29,194,212 |
| | Salaries, wages and other benefits | **24.2** | 22,304,193 | 20,869,603 |
| | Fuel and power | | 29,954,850 | 35,121,486 |
| | Stores and spares consumed | | 10,278,251 | 7,484,387 |
| | Doubling and sizing charges | | 103,571 | 21,259 |
| | Repair and maintenance | | 103,234 | 92,592 |
| | Travelling and Conveyance | | 416,230 | 308,870 |
| | Other overheads | **24.3** | 2,038,727 | 1,572,787 |
| | Depreciation | **4.1.1** | 27,202,892 | 29,832,593 |
| | | | 142,330,223 | 124,497,789 |
| | Work-in-process | | | |
| | Opening stock | | 2,293,955 | 1,013,190 |
| | Closing stock | | (1,244,117) | (2,293,955) |
| | | | 1,049,838 | (1,280,765) |
| | Cost of goods manufactured | | 143,380,061 | 123,217,024 |
| | | | **2017 Rupees** | **2016 Rupees** |
| | **Finished goods** | | | |
| | Opening stock | | 20,215,615 | 4,785,189 |
| | Closing stock | | (874,248) | (20,215,615) |
| | | | 19,341,367 | (15,430,426) |
| | | | 162,721,428 | 107,786,598 |

| | | | |
|---|---|---|---|
| **24.1** | **Raw material consumed** | | |
| | Opening stock | 14,148,948 | 6,930,057 |
| | Add: Purchases including expenses | 44,577,077 | 36,413,103 |
| | Available for consumption | 58,726,025 | 43,343,160 |
| | Less: Closing stock | (8,797,750) | (14,148,948) |
| | | 49,928,275 | 29,194,212 |

**24.2** Salaries, wages and benefits include Rs. 778,696/ (2016: 1,021,917/-) in respect of staff retirement benefits.

**24.3** These figures have been regrouped for the fair presentation of the financial statements.

| | | 2017 Rupees | 2016 Rupees |
|---|---|---|---|
| **25** | **DISTRIBUTION COST** | | |
| | Freight, clearing and forwarding | 28,000 | 81,600 |
| | Travelling | - | - |
| | Others | 631,543 | 181,092 |
| | | 659,543 | 262,692 |

**25.1** Salaries and benefits include Rs. Nil (2016 Nil ) in respect of staff retirement benefits.

| | | | 2017 Rupees | 2016 Rupees |
|---|---|---|---|---|
| **26** | **ADMINISTRATIVE EXPENSES** | | | |
| | Directors' remuneration | | 1,650,000 | 1,650,000 |
| | Salaries and benefits | **26.1** | 9,263,625 | 3,619,924 |
| | Travelling and conveyance | | 477,390 | 343,510 |
| | Entertainment | | 171,641 | 217,095 |
| | Printing and stationery | | 143,762 | 136,399 |
| | Communication | | 570,971 | 306,360 |
| | Repairs and maintenance | | 805,233 | 433,256 |
| | Rent, rates and taxes | | 1,329,338 | 1,048,900 |
| | Electricity, sui gas and water | | 359,574 | 417,450 |
| | Fee and subscription | | 1,073,879 | 187,495 |
| | Legal and professional charges | | 453,385 | 503,100 |
| | Advertisement | | 39,200 | 37,900 |
| | Auditors' remuneration | **26.2** | 290,000 | 304,500 |
| | General | | 130,191 | 93,968 |
| | Depreciation | | 263,596 | 228,976 |
| | | | 17,021,785 | 9,528,833 |

**26.1** Salaries and benefits include Rs. 370,807 (2016: Rs.272,487) in respect of staff retirement benefits.

| | | | 2017 Rupees | 2016 Rupees |
|---|---|---|---|---|
| **26.2** | **AUDITORS' REMUNERATION** | | | |
| | Statutory audit | | 250,000 | 262,500 |
| | Half Year Review | | 40,000 | 42,000 |
| | | | 290,000 | 304,500 |

| | | | | |
|---|---|---|---|---|
| **27** | **OTHER INCOME** | | | |
| | Profit on disposal of fixed assets | | 82,203 | 18,580 |
| | De-Recongnition of Financial Liabilities | | 1,670,173 | - |
| | | | **1,752,376** | **18,580** |
| **28** | **FINANCE COST** | | | |
| | Bank charges | | 257,469 | 259,524 |
| | | | 257,469 | 259,524 |
| **29** | **TAXATION** | | | |
| | Current | | 1,718,388 | 901,007 |
| | Provision for deferred tax | **29.1** | (3,237,922) | (20,800,732) |
| | | | (1,519,533) | (19,899,725) |

**29.1** Minimum tax liability has been provided for in these accounts based on liability worked out under section 113 of the Income Tax Ordinance, 2001 (2016: Provision of section 113 was applicable under the Income Tax Ordinance, 2001). The Income Tax Returns of the company have been filed upto Tax year 2016.

**30 EARNING / (LOSS) PER SHARE**

**30.1 Earning / (loss) per share - Basic**

| | | | |
|---|---|---|---|
| Net Profit / (loss) after taxation | (Rupees) | (5,549,458) | (7,818,606) |
| Weighted average number of ordinary shares | (No. of shares) | 13,271,600 | 13,271,600 |
| | (Rupees) | (0.42) | (0.59) |

**30.2 Earning per share - Diluted**

There is no dilution effect on the basic earning/(loss) per share of the company.

**31 CASH AND CASH EQUIVALENTS**

| | | | |
|---|---|---|---|
| Cash and bank balances | **11** | 780,623 | 1,733,273 |
| Short term borrowings from banking company | **20** | (24,520,298) | (24,520,298) |
| | | (23,739,675) | (22,787,025) |

**32 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of associated companies, directors and key management personnel. Amounts due to / from related parties are shown in the relevant notes to the financial statements. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

| | | |
|---|---|---|
| Long term loan from related parties - net (Note No.15) | 46,693,739 | 41,247,563 |
| Due to related party (Director) - net (Note No.20.3) | - | 1,842,104 |

**32.1** Disposal of fixed assets transactions with related parties(Chief executive) are carried out during the year (Note No.4.1.7) and disposal proceeds are adjusted against long term loan from related parties (Note No.15)

All transactions with related parties are at an arm's length.

**33 PLANT CAPACITY AND PRODUCTION**

| | | | |
|---|---|---|---|
| **WEAVING** | | | |
| Looms installed | Nos. | 60 | 60 |
| Looms worked | Nos. | 30 | 38 |
| Production at normal capacity converted to 50 picks - 3 shifts per day | Sq. Mtrs. | 3,888,000 | 3,888,000 |
| Actual production at normal capacity converted to 50 picks - 1 (2016: 2) shifts per day | Sq. Mtrs. | 561,600 | 950,400 |
| **SPINNING** | | | |
| Rotors installed | Nos. | 1,176 | 1,176 |
| Rotors worked for the year | Nos. | 576 | 768 |
| Rated capacity converted to 10 count based on 3 shifts per day | Lbs. | 6,600,043 | 6,600,043 |
| Actual production converted to 10 count based on 2 (2016: 2) shifts per day | Lbs. | 2,088,013 | 2,496,615 |

- It is difficult to determine precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, rotors' speed, twists, width and construction of cloth woven etc. It also vary according to pattern of production.

| | | |
|---|---|---|
| - Weaving unit of the company has produced less than normal cloth due to the fact that third party cloth was produced on conversion basis as the market demand of yarn is comparatively better, while production of yarn has been increased. Production was highly dependent on the availability of orders. Moreover, some looms remained closed due to technical faults which have now been removed. | | |
| - Average number of workers for the year | 150 | 132 |

## 34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of Chief Executive, Directors and Executives by the company as remuneration, allowances and perquisites is as follows:

| PARTICULARS | *CHIEF EXECUTIVE* | | *DIRECTOR* | |
|---|---|---|---|---|
| | **JUNE 2017 RUPEES** | **JUNE 2016 RUPEES** | **JUNE 2017 RUPEES** | **JUNE 2016 RUPEES** |
| Managerial remuneration | 1,650,000 | 1,650,000 | 453,000 | 453,000 |
| | | - | - | - |
| | 1,650,000 | 1,650,000 | 453,000 | 453,000 |

Remuneration is paid only to Chief Executive and to one director only.

34.1 Some of the Directors and Executives of the Company are provided free use of Company maintained car and telephone.

34.2 No meeting fee has been paid to Directors for attending meetings of Board of Directors.

## 35. FINANCIAL RISK MANAGEMENT

### 35.1 Financial risk factors

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

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

**(a) Market risk**

**(i) Currency risk**

It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The company is not exposed to any currency risk as it does not have any foreign debtors and creditors.

**(ii) Other price risk**

It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to other price risk.

**(iii) Interest rate risk**

It represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.

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

| | 2017 | 2016 |
|---|---|---|
| **Floating rate instruments** | (Rupees) | (Rupees) |
| Financial liabilities: | | |
| Long term loans | - | - |
| Short term borrowings | 24,520,298 | 24,520,298 |
| Financial assets | - | - |

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

If interest rates at the balance sheet date, fluctuate by 1% higher/lower with all other variables held constant, loss after taxation for the year would have been Rs. 245,203/- (2016: Rs.245,203/-) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings. This analysis is prepared assuming the actual amounts of liabilities outstanding during the whole year.

**(b) Credit risk**

It is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent maximum exposure to credit risk and at the reporting date these are as follows:

| | 2017 | 2016 |
|---|---|---|
| | (Rupees) | (Rupees) |
| Trade debts | 18,050,362 | 22,629,949 |
| Loans and advances | 2,215,873 | 3,497,025 |
| Trade deposits | 210,000 | 202,308 |
| Bank balances | 267,768 | 1,728,657 |

The aging of the trade debts that are past due but not impaired at the reporting date is as follows:

| | | |
|---|---|---|
| Upto 1 month | 3,425,648 | 9,314,521 |
| 1 to 6 months | 3,257,268 | 9,886,982 |
| 6 to 12months | 3,077,871 | 990,547 |
| More than 12 months | 6,011,788 | 2,434,899 |
| | 15,772,575 | 22,626,949 |

There are no trade debts to be written off during the year (2016: NIL/-), however efforts are made to recover the debts more than six/twelve months old.

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

| | Rating | | | 2017 | 2016 |
|---|---|---|---|---|---|
| Banks | Short Term | Long term | Agency | Rupees | Rupees |
| National Bank of Pakistan | A1+ | AAA | PACRA | - | - |
| Bank Alfalah Limited | A1+ | AA+ | PACRA | 3,792 | 72,441 |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 195,652 | 1,636,115 |
| Standard Chartered Bank (Pakistan) Limited | A1+ | AAA | PACRA | - | - |
| Meezan Bank | A-1+ | AA | JCR-VIS | 67,324 | 20,101 |
| Soneri Bank | A1+ | AA- | PACRA | 1,000 | - |
| | | | | 267,768 | 1,728,657 |

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 7.

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

**(c) Liquidity risk**

It is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity by arranging sufficient cash balances from directors and financial institutions to ensure availability of sufficient funds to meet its liabilities when due. The following are the contractual maturities of financial liabilities, including interest payments:

| | 2017 | | | |
|---|---|---|---|---|
| | **Carrying amount** | **Contractual cash flows** | **Upto one year** | **After one year** |
| | (Amount in rupees) | | | |
| **FINANCIAL LIABILITIES** | | | | |
| Long term loans from banking companies | - | - | - | - |
| Liability against asset subject to finance lease | 892,556 | 892,556 | 892,556 | - |
| Trade and other payables | 39,667,182 | 39,667,182 | 39,667,182 | - |
| Accrued markup | 34,839,787 | 34,839,787 | 34,839,787 | - |
| Short term borrowings | 24,520,298 | 24,520,298 | 24,520,298 | - |
| | 99,919,823 | 99,919,823 | 99,919,823 | - |

| | 2016 | | | |
|---|---|---|---|---|
| | **Carrying amount** | **Contractual cash flows** | **Upto one year** | **After one year** |
| | (Amount in rupees) | | | |
| **FINANCIAL LIABILITIES** | | | | |
| Long term loans from banking companies | - | - | - | - |
| Liability against asset subject to finance lease | 2,892,556 | 6,368,958 | 6,368,958 | - |
| Trade and other payables | 80,142,606 | 80,142,606 | 80,142,606 | - |
| Accrued markup | 34,839,787 | 34,839,787 | 34,839,787 | - |
| Short term borrowings | 26,362,402 | 26,362,402 | 26,362,402 | - |
| | 144,237,351 | 147,713,753 | 147,713,753 | - |

The contractual cash flows relating to above liabilities have been calculated on the basis of mark-up rates effective on June 30, 2017. The rates of interest/markup have been disclosed in Note No.17, 18 and 19 to these financial statements.

### 35.2 Fair values of financial assets and liabilities

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

### 35.3 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

**(Amounts in rupees)**

| PARTICULARS | 2017 | | | | | | |
|---|---|---|---|---|---|---|---|
| | INTEREST BEARING | | | NON INTEREST BEARING | | | TOTAL |
| | Maturity up to one year | Maturity after one year | Sub Total | Maturity up to one year | Maturity after one year | Sub Total | |
| **Financial Assets** | | | | | | | |
| **Loans and Receivables** | | | | | | | |
| Trade debts | - | - | - | 18,050,362 | - | 18,050,362 | 18,050,362 |
| Loan and advances | - | - | - | 2,215,873 | - | 2,215,873 | 2,215,873 |
| Trade deposits | - | - | - | 210,000 | - | 210,000 | 210,000 |
| Cash and bank balances | - | - | - | 780,623 | - | 780,623 | 780,623 |
| | - | - | - | 21,256,858 | - | 21,256,858 | 21,256,858 |
| **Financial Liabilities** | | | | | | | |
| **at amortized cost** | | | | | | | |
| Long term loans | - | - | - | | 46,693,739 | 46,693,739 | 46,693,739 |
| Liability against asset | | | - | | | - | - |
| subject to finance lease | 892,556 | | 892,556 | | | - | 892,556 |
| Trade and other payables | | | - | 39,667,182 | | 39,667,182 | 39,667,182 |
| Accrued mark-up | | | - | 34,839,787 | | 34,839,787 | 34,839,787 |
| Short term borrowings | 24,520,298 | | 24,520,298 | | | - | 24,520,298 |
| | 25,412,854 | - | 25,412,854 | 74,506,969 | 46,693,739 | 121,200,708 | 146,613,562 |
| On balance sheet gap | (25,412,854) | - | (25,412,854) | (53,250,112) | (46,693,739) | (99,943,850) | (125,356,704) |

| PARTICULARS | 2016 | | | | | | |
|---|---|---|---|---|---|---|---|
| | INTEREST BEARING | | | NON INTEREST BEARING | | | TOTAL |
| | Maturity up to one year | Maturity after one year | Sub Total | Maturity up to one year | Maturity after one year | Sub Total | |
| **Financial Assets** | | | | | | | |
| **Loans and Receivables** | | | | | | | |
| Trade debts | - | - | - | 22,629,949 | - | 22,629,949 | 22,629,949 |
| Loan and advances | - | - | - | 3,497,025 | - | 3,497,025 | 3,497,025 |
| Trade deposits | - | - | - | 202,308 | - | 202,308 | 202,308 |
| Cash and bank balances | - | - | - | 1,733,273 | - | 1,733,273 | 1,733,273 |
| | - | - | - | 28,062,555 | - | 28,062,555 | 28,062,555 |
| **Financial Liabilities** | | | | | | | |
| **at amortized cost** | | | | | | | |
| Long term loans | - | - | - | - | 41,247,563 | 41,247,563 | 41,247,563 |
| Liability against asset | | | | | | | - |
| subject to finance lease | 2,892,556 | - | 2,892,556 | | - | - | 2,892,556 |
| Trade and other payables | - | - | - | 80,142,606 | - | 80,142,606 | 80,142,606 |
| Accrued mark-up | - | - | - | 34,839,787 | - | 34,839,787 | 34,839,787 |
| Short term borrowings | 26,362,402 | - | 26,362,402 | - | - | - | 26,362,402 |
| | 29,254,958 | - | 29,254,958 | 114,982,393 | 41,247,563 | 156,229,956 | 185,484,914 |
| On balance sheet gap | (29,254,958) | - | (29,254,958) | (86,919,838) | (41,247,563) | (128,167,401) | (157,422,359) |

### 36. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.Cosistent with others in industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by the total capital employed. Borrowings represents long term financing and short term borrowings obtained by the Company as referred to in Note No.14, 18 and 19. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

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

| | | 2017 | 2016 |
|---|---|---|---|
| Borrowings | Rupees | 121,771,388 | 120,167,316 |
| Total equity | Rupees | (111,799,791) | (122,490,176) |
| Total capital employed | Rupees | 9,971,597 | (2,322,860) |
| Gearing ratio | % | (108.92) | (98.10) |

**37. FAIR VALUE MEASUREMENTS-FINANCIAL INSTRUMENTS**

The company does not have any financial assets which qualify for the following levels.

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

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

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

**38. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS**

These financial statemets were authorised for issue on 10th October, 2017 by the board of directors of the company.

**39 GENERAL**

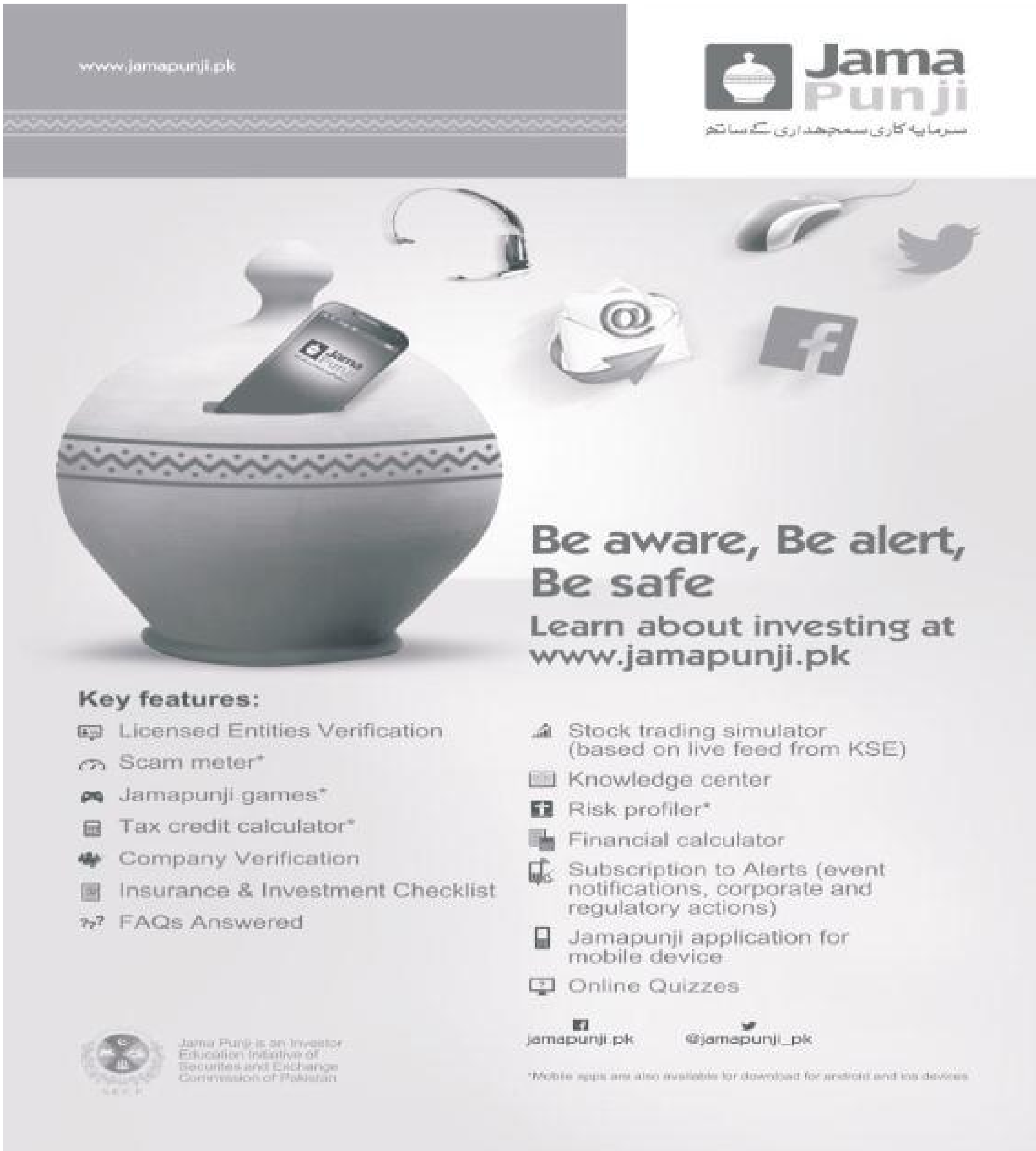
Corresponding figures have been re-arranged/re-grouped, wherever necessary, for the purpose of comparison.

The Company has Re-classified the salaries of Admin Staff of Mill from cost of goods sold to administrative expenses amounting to Rs. 4,821,510.

Figures are rounded off to nearest Rupee.

Dilshad Ali
Chief Executive

Basim Dilshad
Director





Certificate No. SG05/0299

# PATTERN OF SHARE HOLDING

## AS AT JUNE 30, 2017

1. Incorporation Number: **15918**

2. Name of the Company: **HAMID TEXTILE MILLS LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30-06-2017**

| 4. No. of Shareholders | From | To | Total Shares Held |
|---|---|---|---|
| 13 | 1 | 100 | 1,300 |
| 225 | 101 | 500 | 109,100 |
| 10 | 501 | 1,000 | 10,000 |
| 12 | 1,001 | 5,000 | 34,400 |
| 2 | 5,001 | 10,000 | 14,800 |
| 1 | 10,001 | 15,000 | 10,500 |
| 1 | 15,001 | 20,000 | 18,000 |
| 1 | 35,001 | 40,000 | 37,000 |
| 1 | 40,001 | 45,000 | 42,100 |
| 1 | 45,001 | 50,000 | 50,000 |
| 1 | 55,001 | 60,000 | 55,900 |
| 1 | 75,001 | 80,000 | 79,900 |
| 1 | 80,001 | 85,000 | 84,200 |
| 1 | 90,001 | 95,000 | 95,000 |
| 15 | 95,001 | 100,000 | 1,463,000 |
| 1 | 800,001 | 805,000 | 801,350 |
| 1 | 820,001 | 825,000 | 820,300 |
| 1 | 835,001 | 840,000 | 839,040 |
| 1 | 910,001 | 915,000 | 913,900 |
| 1 | 1,170,001 | 1,175,000 | 1,171,410 |
| 1 | 1,185,001 | 1,190,000 | 1,187,900 |
| 1 | 2,450,001 | 2,455,000 | 2,455,000 |
| 1 | 2,975,001 | 2,980,000 | 2,977,500 |
| **294** | | | **13,271,600** |

| 5. Categories of shareholders | Share held | Percentage |
|---|---|---|
| 5.1 Directors, Chief Executive Officers, and their spouse and minor childern | 2,459,000 | 18.5283 |
| 5.2 Associated Companies, undertakings and related parties. | - | - |
| 5.3 NIT and ICP | 42,100 | 0.3172 |
| 5.4 Banks Development Financial Institutions, Non Banking Financial Institutions. | 2,977,500 | 22.4351 |
| 5.5 Insurance Companies | 146,000 | 1.1001 |
| 5.6 Modarabas and Mutual Funds | 913,900 | 6.8861 |
| 5.7 Share holders holding 10% or more | 5,432,500 | 40.9333 |
| 5.8 General Public | | |
| a. Local | 6,733,100 | 50.7331 |
| b. Foreign | 0 | - |
| 5.9 Others (to be specified) | | |

10 Date: 30 | 06 | 2017

# DETAIL PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

## AS AT JUNE 30, 2017

| Sr. No. | Name | No. of Shares Held | Percentage |
|---|---|---|---|
| **Associated Companies, Undertakings and Related Parties (Name Wise Detail):** | | - | - |
| **Mutual Funds (Name Wise Detail)** | | - | - |
| **Directors and their Spouse and Minor Children (Name Wise Detail):** | | | |
| 1 | MR. MOHAMMAD ALAMGIR | 1,000 | 0.0075 |
| 2 | KHAWAR ALMAS KHAWAJA | 2,455,000 | 18.4981 |
| 3 | MRS. NIGHAT KHAWAR | 1,000 | 0.0075 |
| 4 | MR. ABID HUSSAIN | 500 | 0.0038 |
| 5 | MRS. ZULAIBIA ANDLEEB | 500 | 0.0038 |
| 6 | MR. DILSHAD ALI | 500 | 0.0038 |
| 7 | MR. BASIM DILSHAD | 500 | 0.0038 |
| **Executives:** | | - | - |
| **Public Sector Companies & Corporations:** | | - | - |
| **Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:** | | 4,037,400 | 30.4214 |
| **Shareholders holding ten percent or more voting intrest in the listed company (Name Wise Detail)** | | | |
| 1 | BANKER EQUITY LIMITED | 2,977,500 | 22.4351 |
| 2 | KHAWAR ALMAS KHAWAJA | 2,455,000 | 18.4981 |

**All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:**

| S.No | NAME | SALE | PURCHASE |
|---|---|---|---|
| | NIL | | |

# FORM OF PROXY

I/We, Mr./Miss/Mrs. ____________________________________________________________

S/o, D/o, W/o Mr. __________________________________________________________ in the

district of being member(s) of **HAMID TEXTILEMILLS LIMITED** and holding ordinary shares,

as per Registered Folio No.______________ hereby appoint Mr./Miss/Mrs. ______________________

S/o, D/o, W/o Mr._____________________ as per Registered Folio No. _________________________

Of __________________(failing him/her)Mr./Miss/Mrs. S/o,D/o, W/o ___________________________

of_________________________ as per Registered Folio No.____________________________________

as my/our Proxy in my absence to attend for me and my/our behalf at the Annual General Meeting of the

Company to be held at Mills at Changa Manga Road, Wan Adhan, Pattoki Distt. Kasur

on___________________(date) at _______________(time) and at any adjournment thereof.

**Signed this day of October, 20___.**

Member's Signature

Revenue Stamp

(Witness)_____________________

Folio Number

Signature

**Notes:**

1. Revenue stamp of Rs. 5/-to be affixed.
2. A member entitled to attend at the Annual General Meeting of the Company is entitled to appoint a proxy instead of him/her. No person shall act as proxy (except for corporation) unless he is entitled to present on this own.
3. The instrument appointing a proxy should be signed by the member(s) so or by him/her attorney duly authorized in writing, if the member is a corporation its common seal should be affixed.
4. This proxy form, duly completed, must be deposited at the Company's Registered Office not later than 48 hours before the time of holding the meeting and through their original CNIC/Passport and providing a copy thereon.
5. The signature on the instrument of proxy must agree with the specimen signature recorded with the company.
6. A proxy must be a member of the Company.