RUBY TEXTILE MILLS LIMITED

ANNUAL REPORT 2017

VISION/MISSION STATEMENT

To transform the company into a modern and dynamic Textile products manufacturing company and to provide quality products to customers and explore new markets to promote/expand sales of the Company through Good Governance and foster a sound and dynamic team, so as to achieve optimum profitability for the Company for sustainable and equitable growth and prosperity of the Company, its employees and shareholders.

BOARD OF DIRECTORS	MR. NOOR ELAHI -CHIEF EXECUTIVE MRS. PARVEEN ELAHI -CHAIRPERSON Directors: MRS. PARVEEN ELAHI MRS. NAHEED JAVED MR. NABEEL JAVED MR. JAVED USMAN MR. FAIZAN JAVED MR.SHARIQ JAVED
COMPANY SECRETARY	MR. ASIF PERVAIZ KHAWAJA
AUDIT COMMITTEE	MR. JAVED USMAN -CHAIRMAN MR. FAIZAN JAVED -MEMBER MR.SHARIQ JAVED -MEMBER
HUMAN RESOURCE & REMUNERATION COMMITTEE	MR. FAIZAN JAVED -CHAIRMAN MR. NABEEL JAVED -MEMBER MR.SHARIQ JAVED -MEMBER
BANKERS	M/S.MEEZAN BANK LTD M/S.BANK AL-HABIB LTD M/S.HABIB METROPOLITAN BANK LTD M/S.NATIONAL BANK OF PAKISTAN M/S. SONERI BANK LTD M/S. SILK BANK LTD M/S. FAYSAL BANK LTD M/S. MUSLIM COMMERECIAL BANK LTD M/S. HABIB BANK LTD M/S. BANK ALFALAH LTD
AUDITORS	IBRAHIM SHAIKH & Co. Chartered Accountants, 259-260, Panorama Centre, Fatima Jinnah Road, Karachi.
INTERNAL AUDITOR	MR. TAHIR ALI
LEGAL ADVISOR	M/S MOHSIN & WAHEED LAW ASSOCIATES Office#S-3, 2nd Floor, West End Plaza, 72-The Mall Road Lahore.
HEAD OFFICE	35-Industrial Area, Gulberg-III, Lahore-54660, Pakistan. Ph#(+92-42)3571-4601,3576-1243-4 Fax:(+92-42)3571-1400, 3576-1222 Email:info@rubytextile.com.pk
REGISTERED OFFICE	Room#203, Faiyaz Centre, 2nd Floor,3-A, S.M.C.H.S., Shahrah-e-Faisal, Karachi-74400 Ph#(+92-21) 34396600,34387700 Fax#(+92-21)34398800 Email:aslamd9@yahoo.com
MILLS	Raiwind -Manga Road, Raiwind, District Kasur-55050, Pakistan Phone:(+92-42) 3539-1031,3539-2651-2 Fax:(+92-42) 3539-1032 Email:wasim@rubytextile.com.pk
SHARE REGISTRAR	M/S CORPLINK (PVT) LTD., 1-K, (Commercial) wings Arcade., Model Town , Lahore-54700, Pakistan. Phone:(+92-42) 3583-9182,3588-7262 Fax:(+92-42) 3586-9037 Email:corplink786@yahoo.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 37th Annual General Meeting of the share holders of **RUBY TEXTILE MILLS LIMITED** will be held at Registered Office at 203-Faiyaz Centre, 3-A S.M.C.H.Society, Shahrah-e-Faisal Karachi on Tuesday 31st October 2017 at 04.00 PM to transact the following business.

ORDINARY BUSINESS

1. To consider minutes of Extra ordinary General Meeting held on 11th April 2017
2. To receive, consider and adopt the Audited Accounts together with Director's and Auditor's report thereon for the period ended 30th June 2017
3. To appoint Auditors for the next financial year and fix their remuneration. The present Auditors M/s. Ibrahim Shaikh & Co. Chartered Accountants retire and being eligible, offer themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

LAHORE
5th OCTOBER 2017

ASIF P.KHAWAJA
COMPANY SECRETARY

1. The share transfer Books of the Company will remain closed from 24th October 2017 to 31st October 2017 (both days inclusive)
2. A member entitled to attend and vote may appoint another member of his/her proxy to attend the meeting and vote on his/her behalf. Proxy in order to be effected must be received at Registered Office of the Company at least 48 hours before the meeting
3. CDC share holder are requested to bring with them their original C.N.I.C or passport along with Participant's ID number and their account number at the time of Annual General Meeting in order to facilitate Identification and in case of proxy must enclose an attest copy of CNIC or Passport along with CDC account number. Representative of corporate members should bring the usual documents required for this purpose. Share holders are requested to immediate notify any change in their address to Company's Share Registrar M/s.Corplink (Private) Limited, Wings Arcade, 1-K Commercial Model Town, Lahore

DIRECTOR'S REPORT

The Directors of your company are pleased to present their 37th Annual Report together with the Company's Audited Accounts for the year ended 30th June, 2017.

General Market Conditions and Company's Business

Textile industry in Pakistan is considered as backbone of Pakistan's economy for being the largest manufacturing sector. During the year under review Pakistan's textile spinning industry continued to face various business challenges which created bottlenecks in the operations of various functional units. The Government failed to meet cotton production target set for 2016-2017. The consistently declining in the overall exports, both in value and quantity terms, over past few years is an alarming situation.Delays in implementing the promised relief package have become another cause of significant concern. Further, challenging macro-economic scenario emanating from uncertain security and political environment, increasing competition from regional players and sluggish overseas demand is exacerbating this situation.

The textile sector in Pakistan has an overwhelming impact on the economy, contributing 57% to the country's exports. In today's highly competitive global environment, the textile sector needs to upgrade its supply chain, improve productivity, and maximize value-addition to be able to survive.

Future Outlook

The overall performance of textile sectors is contingent upon the quality of cotton crops and costs of other inputs as the same determine competitiveness of our products in the international market. Currently the textile sector lacks international competitiveness due to higher cost of production as compared to other countries thus remedial measures needs to be taken by government to address the concerns of textile sector.

Pakistan is slowly emerging from long term power crises, the textile sector was once a booming sector with an employment engine of around 30% of working population is scrambling to find its feet. The high energy costs and decade lost to competitors mean recovery is still far from assured.

However, there have been positive measures such as mandatory Crop Insurance Policy for cotton, enhancement of loans which are likely to improve the dismal state of textile sector in Pakistan.

.

Operating Results

The financial results are summarized here under

	2017 Rupees	**2016** Rupees
Sales	400,356,060	292,887,705
Gross profit/(Loss)	(111,205,336)	(125,377,398)
Administration Charges	(16,935,136)	(18,960,165)
Distribution Charges	(46,317)	(2,797,353)
Financial Charges	(8,424,834)	(10,966,380)
Loss before Tax	(134,872,163)	(157,250,266)
Provision for Taxation	(3,586,800)	(18,615,970)
Loss after taxation	(138,458,963)	(175,866,236)

Net Sales of the company increased to Rs. 400.356 million from Rs. 292.887million showing increase by36.69%from last year. It's mainly due to operation of Unit 1 eleven months in year and partial operation of Unit 2.Company had Gross loss of Rs.111.205 million as compared to last year's Gross loss of Rs.125.377 million. Administrative expenses,distribution cost & finance cost have decreased byRs. 2.025MillionRs.2.751 millionand Rs.2.541million respectively from preceding financial year. Company suffered loss before tax Rs. 134.872 million during the year as compared to loss before tax amounting Rs.157.250 million in last financial year. Loss after tax isRs.138.458 million for the financial year as compared to loss after tax Rs.175.866million in last financial year.

Auditors Report

The auditors have qualified their reportas under:

A). Finance cost has not been accounted for and outstanding bank liability written off.

During the year ended June 30, 2012, the company had paid Rs.390 million to Financial Institution against outstanding principal amount of long term and short term loans. While making payment of Rs.390 million, it was notified that the paid amount of Rs. 390 million should be adjusted against principal liability first. On the contrary, Financial Institutionhad not adjusted the payment of Rs.390 million to settle the principal liability of various loans and settled the amount against mark up payable and continue to charge the interest which included interest on interest amounted to Rs. 65.390 million. Based on the bank statements, the company continued to record the liability figures (principal and mark up) as per confirmation by the Financial Institution. The Financial Institution verbally assured the company that the issue shall be resolved amicably and they shall adjust the payment against the principal dues as instructed by the company as per his requests dated August 10, 2011 and August 25, 2011. When no confirmation was received from Financial Institution, the management has decided during the year the accounts should be settled correctly and the prior year be adjusted.Management believes that there is no outstanding liability toward Financial Institution which has been settled completely and fully. Therefore, the company has written off long term and short term borrowings and mark up payable aggregating and approximating to Rs.219.016million. This entry has been adjusted retrospectively in accordance with the requirements of international accounting standards (IAS) 8 "Accounting policies, changes in Accounting Estimates and Errors" and the resultantly adjustments have been made in relevant years.

B). Interest free loans from directors and associates not amortized.

Loans from directors and associates are interest free and repayment of these loans not confirm. Therefore, the company has not amortized these loans

With reference to emphasis of matter paragraph by auditor in their report,the management is making its best efforts to make operation as efficient as possible.

Earning / (Loss) Per Share

Loss per share for the year amounted to Rs. (2.65) and Rs. (3.37) for the corresponding year.

Related Parties

The Board of Directors has approved the policy for transaction/contract between Company and its related parties on an arm's length basis and relevant rates are to be determined as per the comparable un-controlled price method.

For and on behalf of the Board of Directors

LAHORE
October07, 2017

(NOOR ELAHI)
CHIEF EXECUTIVE

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2017 ءکوختم ہونے والے سال کے لئے کمپنی کے نظر ثانی شدہ حسابات کے ہمراہ اپنی 37 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

عام مارکیٹ حالات اور کمپنی کا کاروبار

پاکستان میں ٹیکسٹائل صنعت کوسب سے بڑا مینوفیکچرز شعبہ ہونے کی بدولت پاکستانی معیشت کی ریڑھ کی ہڈی خیال کیا جاتا ہے۔ زیرِ جائزہ سال کے دوران پاکستان کی ٹیکسٹائل سپننگ صنعت کو مسلسل مختلف کاروباری مشکلات کا سامنا کرنا پڑ رہا ہے جس نے مختلف فعال یونٹوں کے آپریشن میں مشکلات پیدا کی ہیں۔حکومت 2016-2017 کے لئے مقرر کردہ کپاس کے پیداواری ہدف کو پورا کرنے میں ناکام رہی ہے۔گزشتہ چند سالوں سے قیمت اور مقدار دونوں کے لحاظ سے مجموعی طور پر برآمدات میں مسلسل کمی ایک خطرناک صورتحال ہے۔امدادی پیکج کے نفاذ میں تاخیر اہم تشویش کی ایک دوسرا بڑا سبب ہے۔اس کے علاوہ، غیر یقینی سیکورٹی اور سیاسی ماحول سے نکلنے کے لئے میکرو واقتصادی مسائل، علاقائی حریفوں سے مقابلہ اور غیر ملکی طلب میں سست روی میں اضافہ نے اس صورت حال کو زیادہ سے زیادہ حد تک بڑھا دیا ہے۔

پاکستان میں ٹیکسٹائل شعبہ، جو ملک کی برآمدات کا 57% حصہ بنتا ہے، معیشت پر زبردست اثرات رکھتا ہے۔آج کے انتہائی مسابقتی عالمی ماحول میں، ٹیکسٹائل شعبے کو بقاء کے قابل رہنے کے لئے اپنی سپلائی چین کو اپ گریڈ کرنے، پیداوار کو بہتر بنانا اور زیادہ سے زیادہ ویلیو ایڈیشن کی اشد ضرورت ہے۔

مستقبل کا نقطہ نظر

ٹیکسٹائل شعبہ کی مجموعی کارکردگی کپاس کی فصل کے معیار اور بین الاقوامی مارکیٹ میں ہماری مصنوعات کی مسابقت کے تعین کے لئے دیگر ان پُٹ لاگتوں پر منحصر ہے۔ فی الحال ٹیکسٹائل شعبہ میں دیگر ممالک کے مقابلے اعلیٰ پیداواری لاگت کی وجہ سے بین الاقوامی مقابلہ کی کمی پائی جاتی ہے چنانچہ ٹیکسائل شعبے کے خدشات کو حل کرنے کے لئے حکومت کی جانب سے انسدادی اقدامات اُٹھانے کی ضرورت ہے۔

پاکستان آہستہ آہستہ طویل عرصے سے بجلی کے بحرانوں کی لپیٹ میں آ رہا ہے، تقریباً 30 فیصد ورکنگ آبادی کو روزگار فراہم کرنے کے ساتھ کبھی فروغ پانے والا ٹیکسٹائل شعبہ اپنے پیروں پر کھڑا ہونے کی راہیں تلاش کر رہا ہے۔بجلی کے اعلی اخراجات اور دہائیوں سے حریفوں کے مقابلے نقصان کا مطلب یہ ہے کہ بحالی ابھی تک یقینی نہیں ہے۔

تاہم، کپاس کی فصل کے لئے لازمی انشورنس پالیسی، قرضوں میں اضافہ جس سے پاکستان میں ٹیکسٹائل شعبہ کی ناپسندیدہ حالت کو بہتر ہونے کے امکانات ہیں، جیسے مثبت اقدامات کئے گئے ہیں۔

آپریٹنگ نتائج

مالیاتی نتائج کا خلاصہ درج ذیل ہے:۔

2016	2017	
روپے	روپے	
292,887,705	400,356,060	فروخت
(125,377,398)	(111,205,336)	مجموعی منافع/(نقصان)
(18,960,165)	(16,935,136)	انتظامی اخراجات
(2,797,353)	(46,317)	تقسیم کی لاگت
(10,966,380)	(8,424,834)	مالیاتی اخراجات
(157,250,266)	(134,872,163)	ٹیکس سے پہلے نقصان
(18,615,970)	(3,586,800)	ٹیکس کی فراہمی
(175,866,236)	(138,458,963)	ٹیکس کے بعد نقصان

کمپنی کی فروخت 292.887 ملین روپے سے بڑھ کر 400.356 ملین روپے ہوگئی، جو گزشتہ سال سے 36.69 فیصد اضافہ ظاہر کر رہی ہے۔ یہ بنیادی طور پر سال میں یونٹ 1 کے گیارہ مہینے کے اپریشن اور یونٹ 2 کے جزوی آپریشن کی بدولت ممکن ہوا ہے۔کمپنی کو 111.205 ملین روپے مجموعی نقصان ہوا ہے جبکہ گزشتہ سال 125.377 ملین روپے کا مجموعی نقصان ہوا تھا۔انتظامی اخراجات، تقسیم کی لاگت

اور مالیاتی اخراجات گزشتہ مالی سال سے بالترتیب 2.025 ملین روپے، 2.751 ملین روپے اور 2.541 ملین روپے تک کم ہوگئے۔ کمپنی کو گزشتہ مالی سال میں 157.250 ملین روپے ٹیکس سے قبل نقصان کے مقابلے سال کے دوران 134.872 ملین روپے ٹیکس سے قبل نقصان برداشت کرنا پڑا۔ گزشتہ مالی سال میں ٹیکس کے بعد نقصان 175.866 ملین روپے کے مقابلے مالی سال کے لئے ٹیکس کے بعد نقصان 138.458 ملین روپے ہے۔

آڈیٹر کی رپورٹ

آڈیٹر نے حسبِ ذیل کے مطابق اپنی رپورٹ کی توثیق کی ہے:

A) مالی اخراجات میں اور بینک کے بقایا واجبات کو شمار نہیں کیا گیا ہے۔

30 جون 2012 کو ختم ہونے والی مدت کے دوران، کمپنی نے طویل مدتی اور مختصر مدتی قرضوں کی بقایا اصل رقوم کے عوض مالیاتی اداروں کو 390 ملین روپے ادا کئے گئے۔ جبکہ 390 ملین روپے کی ادائیگی کرتے ہوئے، یہ واضح کیا گیا کہ 390 ملین روپے کی ادا شدہ رقم پہلے اصل واجبہ میں ایڈجسٹ کی جانی چاہئے۔ اس کے برعکس، مالیاتی اداروں نے 390 ملین روپے کی ادائیگی کو مختلف قرضوں کے اصل واجبہ میں ایڈجسٹ نہیں کیا اور قابل ادا سود کی رقم میں ایڈجسٹ کرلیا اور سود در سود جس میں 65.390 ملین روپے سود کی رقم شامل ہے پر سود جاری رکھا۔ بینک سٹیٹمنٹس کی بنیاد پر، کمپنی نے مالیاتی اداروں کی تصدیق کے مطابق واجبہ اعداد و شمار (اصل اور سود) کا اندراج جاری رکھا۔ مالیاتی اداروں نے اس بات کا زبانی یقین دلایا تھا کہ مسئلہ کو خوش اسلوبی سے حل کیا جائے گا اور وہ 10 اگست 2011 اور 25 اگست 2011 کو اسکی درخواستوں کے مطابق کمپنی کی طرف سے ہدایات کے مطابق ادائیگی اصل واجبات میں ایڈجسٹ کریں گے۔ جب مالیاتی اداروں سے کوئی تصدیق وصول نہ ہوئی تو، انتظامیہ نے سال کے دوران فیصلہ کیا کہ حسابات کو درست طور حل اور گزشتہ سال میں ایڈجسٹ کیا جانا چاہئے۔ انتظامیہ کا خیال ہے کہ مالیاتی اداروں کی طرف کوئی بقایا ذمہ داری نہیں ہے جو مکمل طور پر اور تمام تر سیٹلڈ ہوئی ہے۔ لہذا، کمپنی نے طویل مدتی اور مختصر مدتی قرضے اور قابل ادائیگی مجموعی سود اور تقریباً 219.016 ملین روپے کا اندراج نہیں کیا ہے۔ یہ اندراج بین الاقوامی اکاؤنٹنگ معیارات (آئی اے ایس) 8 "Accounting policies, changes in Accounting Estimates and Errors" کی ضروریات کے مطابق بالترتیب ایڈجسٹ کیا گیا ہے اور نتائج متعلقہ سالوں میں ایڈجسٹمنٹ کئے گئے ہیں۔

B)۔ ڈائریکٹرز اور شریک کمپنیوں سے بلاسود قرضوں میں کمی نہیں کی گئی

ڈائریکٹرز اور شریک کمپنیوں سے قرضے بلاسود ہیں اور ان قرضوں کی واپسی کی یقینی نہیں ہے۔ لہذا، کمپنی نے ان قرضوں کو کم نہیں کیا ہے۔

آڈیٹر کی طرف سے اپنی رپورٹ میں پیراگراف پر زور دینے کے حوالے سے، انتظامیہ آپریشن کو ممکنہ طور پر موثر بنانے کی اپنی پوری کوششیں کر رہی ہے۔

آمدنی/(نقصان) فی شیئر

سال کے لئے فی شیئر نقصان (2.65) روپے جو کہ گزشتہ سال میں (3.37) روپے تھا۔

متعلقہ پارٹیاں

بورڈ آف ڈائریکٹرز نے کمپنی اور اس کی متعلقہ پارٹیوں کے درمیان لین دین/معاہدہ کے لئے قابل رسائی بنیاد پر پالیسی کی منظوری دی ہے اور بے قابو قیمتوں کے موازنہ کے طریقہ کار کے مطابق متعلقہ قیمتیں مقرر کی گئی ہیں۔

منجانب بورڈ آف ڈائریکٹرز

(نور الٰہی)

چیف ایگزیکٹو

لاہور

07 اکتوبر 2017ء

Corporate And Financial Reporting Framework
(Code of Corporate Governance)

The Financial Statements prepared by the management of the Company present fairly state of affairs of the Company, the result of its operations, cash flows and change in equity.

Proper Books of Accounts have been maintained.

Appropriate Accounting Policies have been consistently applied in preparation of financial statements and accounting estimates are based in reasonable and product judgement.

International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

The system of Internal Control is sound in design and has been effectively implemented and monitored.

There are no significant doubts upon the Company's ability to continue as a going concern.

There has been no material departure from the best practice of Corporate Governance, as detailed in listing regulations.

Significant deviations from last year in operating results of the results of the Company and reasons thereof have been explained. The key operating and financial data for last 6 years is attached in summarized form.

There are not outstanding statutory payments on accounts of taxes, duties, levies and charges except as shown in notes to the accounts. The amounts appearing in the accounts are of routine nature and some of these have been paid in next year while others are adjustable against receivables in the subsequent period subject to approval by authorities.

There are no significant plans for corporate restructuring, business expansion and discontinuation of operation except for improvement in the normal business activities to increase the business.

The Company is operating an unfunded Gratuity Scheme funds of which are retained for business of the Company .

Four meetings of the Board of Directors of the company during the year under review were held and were attended as follows:

Mr. Noor Elahi	4
Mrs. Parveen Elahi	4
Mrs. Naheed Javed	4
Mr. Javed Usman	4
Mr. Nabeel Javed	4
Mr. Faizan Javed	4
Mr. Shariq Javed	0

The leave of absence was granted to the members not attending the Board Meeting.

Audit Committee

The Board of Directors in compliance with the Code of Corporate Governance has established and Audit Committee. The name of its members is given in the Company's profile.

The term of reference of the Audit Committee is based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the Board of Directors from time to time to improve the system and procedures.

Auditors

The present auditors, M/S. Ibrahim Shaikh and Co., Chartered Accountants retire and being eligible has offered themselves for re-appointment.

Pattern of Shareholding

Statement showing pattern of holding of shares as on 30th June, 2017 on prescribed format is annexed to this report.

Acknowledgments

We record our admiration of the services of our employees and workers of the Company who have contributed their best possible talents and believe that the same spirit of devotion will continue in future. We wish to thank our banks and shareholders for their continued support and confidence on the Company.

The key operating and financial data for the last six year is annexed.

For and on behalf of the Board of Directors

LAHORE
October 07, 2017

(NOOR ELAHI)
CHIEF EXECUTIVE

PATTERN OF SHAREHOLDING

1. Incorporation Number **00041215 Date 06052000**
2. Name of the Company **RUBY TEXTILE MILLS LIMITED**
3. Pattern of holding of the shares held by the shareholders as at **30-06-2017**

4. No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
69	1	100	2,896
696	101	500	335,856
63	501	1,000	59,597
104	1,001	5,000	283,683
25	5,001	10,000	197,400
2	10,001	15,000	23,500
3	20,001	25,000	68,662
1	30,001	35,000	33,500
2	35,001	40,000	78,500
2	50,001	55,000	106,500
1	55,001	60,000	55,829
1	60,001	65,000	61,500
1	95,001	100,000	100,000
1	100,001	105,000	104,000
1	105,001	110,000	105,500
1	135,001	140,000	139,179
2	295,001	300,000	597,664
1	3,870,001	3,875,000	3,873,500
1	6,495,001	6,500,000	6,500,000
1	8,655,001	8,660,000	8,655,900
1	13,170,001	13,175,000	13,173,834
1	17,655,001	17,660,000	17,657,400
980			52,214,400

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor childern	43,608,813	83.5187%
5.2 Associated Companies, undertakings and related parties.	6,900,500	13.2157%
5.3 NIT and ICP	2,900	0.0056%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	343	0.0007%
5.5 Insurance Companies	0	0.0000%
5.6 Modarabas and Mutual Funds	297,664	0.5701%
5.7 Share holders holding 10% or more	50,105,313	95.9607%
5.8 General Public		
a. Local	1,228,492	2.3528%
b. Foreign	0	0.0000%
5.9 Others (to be specified)		
1- Joint Stock Companies	117,900	0.2258%
2- Pension Funds	55,829	0.1069%
3- others	1,959	0.0038%

Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2017

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	NAHEED NOOR ENTERPRISES LTD.	300,000	0.5746%
2	NAHEED NOOR (PVT) LTD.	100,500	0.1925%
3	SUNRISE BOTTLING CO. (PVT) LTD.	6,500,000	12.4487%
Mutual Funds (Name Wise Detail)		-	-
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	297,664	0.5701%
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. NOOR ELAHI	17,796,579	34.0837%
2	MRS. PARVEEN ELAHI	8,761,400	16.7797%
3	MRS. NAHEED JAVED	17,047,334	32.6487%
4	MR. NABEEL JAVED	1,000	0.0019%
5	MR. FAIZAN JAVED (CDC)	1,000	0.0019%
6	MR. JAVED USMAN	500	0.0010%
7	MR. SHARIQ JAVED	1,000	0.0019%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		56,172	0.1076%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. NOOR ELAHI	17,796,579	34.0837%
2	MRS. PARVEEN ELAHI	8,761,400	16.7797%
3	MST. NAHEED JAVED	17,047,334	32.6487%
4	SUNRISE BOTTLING CO. (PVT) LTD.	6,500,000	12.4487%

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
1	MR. NOOR ELAHI	4,000	-
2	MR. SHARIQ JAVED	-	1,000

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
YEAR ENDED JUNE 30, 2017

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

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

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

Category Names	Name
Independent Director	MR. JAVED USMAN
Executive Directors	MR. NOOR ELAHI
	MR. NABEEL JAVED
Non-Executive Directors	
	MRS. PARVEEN ELAHI
	MRS. NAHEED JAVED
	MR. FAIZAN JAVED
	MR. SHARIQ JAVED

The independent director meets the criteria of indendence under clause 5.19.1 (b) of the CCG.

2- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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

4- Casual vacancy occurred in the board of directors of the company during the year and filled by Mr. Shariq Javed.

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

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

7- All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

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

9- The board arranged no training program for its directors during the year.

10- There was new appointment of CFO and Company Secretary, however, their appointment including remuneration and terms and condition of employment are approved by the board of directors. During the year new head of Internal audit has been appointed he is duly qualified and meet the requirements for the appointment according to Code of Corporate Governance, and his remuneration and terms and condition of

11- The directors' 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 executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

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

15- The board has formed an Audit Committee. It comprises three (03) members, of whom all are non-executive directors and the chairman of the committee is a non-executive director. Presently company dosn't have independent director as required by the Code of Corporate Governance. The company is taking measures to constitute in accordance with the requirements of Code of Corporate Governance.

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

17- The board has formed an HR and remuneration committee. It comprises three (03) members, of whom two (02) are non-executive directors and the chairman of the committee is a non-executive director.

18- The board has set up an effective internal audit function for which staffs appointed who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19- The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21- The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

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

23- We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

(Noor Elahi)
CEO

Lahore
Date: October 07, 2017

IBRAHIM , SHAIKH & CO.
CHARTERED ACCOUNTANTS

REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **RUBY TEXTILE MILLS LIMITED** ("the Company") for the year ended June 30, 2017 to comply with the requirements of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange Limited where the company is listed.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arms' length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where this is stated in the Statement of Compliance:

Paragraph Reference	Description
1	The independent director does not meet the criteria of independence as defined in clause 5.19.1(b) of the PSX Rule Book.
15	The Audit Committee constituted without independent director as member as required by clause 5.19.16(a) of the PSX Rule Book.

IBRAHIM, SHAIKH & Co.
Chartered Accountants
Engagement Partner:
Shabbir Ahmed

KARACHI
Dated: October 07, 2017

208, 2nd Floor, Park Avenue, Block-6, PECHS, Shahrah-e-Faisal, Karachi-75400. Ph: +92 21 34311138, Email: isc1967@hotmail.com

IBRAHIM , SHAIKH & CO.

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

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

It is the responsibility of the company's management of 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 repealed 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 accessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verifications, we report that:

a) in our opinion, proper books of account have been kept by the company as required by the repealed 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 repealed 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) 1) As explained in note 31.1to the financial statements, the company has not accounted for finance cost for the year aggregating and approximatelyto Rs.4.516 million and Rs. 10.905 million on long term financing and short term borrowings respectively. As fully explained in note 7.4 to the financial statements, the company had adjusted the outstanding bank liability retrospectively amounting Rs.24.156 million, Rs.99.130 million and Rs.65.390 million in respect of commercial loan, short term borrowings and accrued markup on long term and short term borrowings respectively. The bank had confirmed outstanding loan liability and related charges at year ended June 30, 2015 in its response of direct balance confirmation request of the previous auditors. Further, the bank did not confirm balances in response of our direct balance confirmation request. Had the company accounted for bank liability, loss for the year, accrued markup, loan liability and accumulated loss would have been higher by Rs.15.421 million, Rs.95.729 million, Rs.123.287 million and Rs. 219.016 million respectively.

2) the company has classified the interest free loan from directors and associates under the head "long term financing" instead of the fact that underlying terms and conditions have not been yet finalized. Consequently, the aforesaid loan should be classified under the head "Current liabilities". Moreover, if the company decided to account for the loan as long term loan, the loan should be accounted for at amortized cost as required by the International Accounting Standards (IAS) 39 "Financial instruments-Recognition and measurement". However, the company has neither classified the loan under current liabilities nor accounted for the loan at amortized cost. Due to the non-availability of underlying repayment terms and conditions of interest free loans, we were not able to ascertain the effects on financial statements regarding amortized cost of interest free loans. Had the loan received from the directors and associates been classified under the current liabilities, the current liabilities would have been higher by Rs.511.677 million.

d) in our opinion and to the best of our information and according to the explanations given to us, expect for the matters referred in paragraph c(1) and(2), the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

e) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

EMPHASIS OF MATTER

We draw attention to note 1.1 to the financial statements which indicates that the company incurred a net loss of Rs.138.459million during the year and has accumulated loss of Rs. 570.403 million as of June 30, 2017. These conditions, along with other matters as explained in note 1.1 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. These financial statements, however, have been prepared on the going concern basis on the assumptions as detailed in aforesaid note.Our opinion is not modified in respect of this matter.

OTHER MATTER

The financial statements for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed qualified opinion in respect of matters described inc(1) and (2) and given emphasis matter paragraph regarding going concern in their audit report dated October 07, 2016.

IBRAHIM, SHAIKH & Co.
Chartered Accountants
Engagement Partner:
Shabbir Ahmed

KARACHI
Dated: October 07, 2017

208, 2nd Floor, Park Avenue, Block-6, PECHS, Shahrah-e-Faisal, Karachi-75400. Ph: +92 21 34311138, Email: isc1967@hotmail.com

BALANCE SHEET

EQUITY AND LIABILITIES	Note	2017 Rupees	2016 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital			
70,000,000 (2016: 70,000,000) Ordinary shares of Rs. 10 each		700,000,000	700,000,000
Issued, subscribed and paid up share capital	4	522,144,000	522,144,000
Capital reserves	5	3,240,000	3,240,000
Accumulated loss		(570,402,831)	(443,060,548)
		(45,018,831)	82,323,452
Surplus on revaluation of property, plant and equipment	6	323,759,003	415,692,905
NON CURRENT LIABILITIES			
Long term financing from banking companies	7	42,134,876	45,468,209
Long term financing from others	8	83,015,625	97,174,687
Long term financing from directors and associates	9	511,676,866	477,601,817
Deferred liabilities	10	88,191,136	6,206,400
		725,018,503	626,451,113
CURRENT LIABILITIES			
Trade and other payables	11	256,046,132	250,519,845
Accrued mark up / interest	12	25,125,830	22,415,144
Short term borrowings	13	50,982,074	28,469,287
Current portion of non current liabilities			
Long term financing from banking companies	7	4,166,665	4,246,140
Long term financing from others	8	137,479,125	70,340,079
Provision for taxation	14	-	10,763,419
		473,799,826	386,753,913
CONTINGENCIES AND COMMITMENTS	15	-	-
		1,477,558,501	**1,511,221,383**

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

AS AT JUNE 30, 2017

ASSETS	Note	2017 Rupees	2016 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	16	902,017,774	942,463,285
Long term deposits	17	7,952,894	6,990,105
CURRENT ASSETS			
Stores, spare parts and loose tools	18	130,602,704	132,604,214
Stock in trade	19	384,738,058	363,255,281
Trade debts	20	13,037,658	19,815,092
Loan and advances	21	20,496,170	15,641,499
Trade deposits, short term prepayments and current account balances with statutory authorities	22	14,879,098	27,628,974
Other receivables	23	1,072,062	1,182,562
Tax refunds due from Government	24	1,007,647	-
Cash and bank balances	25	1,754,436	1,640,371
		567,587,833	561,767,993
		1,477,558,501	**1,511,221,383**

DIRECTOR

CHIEF FINANCIAL OFFICER

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

	Note	2017 Rupees	2016 Rupees
Sales- net	26	400,356,060	292,887,705
Cost of sales	27	(511,561,396)	(418,265,102)
Gross loss		(111,205,336)	(125,377,398)
Distribution cost	28	(46,317)	(2,797,353)
Administrative expenses	29	(16,935,136)	(18,960,165)
		(16,981,453)	(21,757,518)
Other income	30	1,739,460	851,030
		(126,447,329)	(146,283,885)
Finance cost	31	(8,424,834)	(10,966,380)
Loss before taxation		(134,872,163)	(157,250,266)
Taxation	32	(3,586,800)	(18,615,970)
Loss for the year		(138,458,963)	(175,866,236)
Earning per share- basic and diluted	33	(2.65)	(3.37)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Cash generated from operations	A	**(97,597,695)**	**(77,146,813)**
Finance cost paid		(4,903,566)	(6,511,894)
Income tax paid		(2,030,587)	(2,453,697)
Staff retirement benefits - gratuity paid		(435,729)	-
Net cash flows from operating activities		(104,967,577)	(86,112,404)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceeds from disposal of vehicle		700,000	-
Long term deposits		(962,789)	(1,280,460)
Net cash used in investing activities		(262,789)	(1,280,460)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing from banking companies		(3,412,808)	62,051,863
Long term financing from others		52,169,403	-
Long term financing from directors and associates		34,075,049	58,689,974
Net cash generated from financing activities		82,831,644	120,741,837
Net increase in cash and cash equivalents		(22,398,722)	33,348,973
Cash and cash equivalents at the beginning of the year		(26,828,916)	(60,177,890)
Cash and cash equivalents at the end of the year	B	(49,227,638)	(26,828,916)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
A - CASH GENERATED FROM OPERATIONS			
Loss before taxation		(134,872,163)	(157,250,266)
Adjustments for :			
Depreciation	16	40,344,172	45,957,004
Provision for staff retirement benefits - gratuity	10.1	1,615,683	1,562,524
Finance cost	31	8,424,834	10,966,380
Gain on disposal of vehicle	30	(598,661)	-
		49,786,028	58,485,908
Loss before working capital changes		(85,086,135)	(98,764,358)
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		2,001,510	(20,005,041)
Stock in trade		(21,482,776)	42,853,870
Trade debts		6,777,433	6,665,542
Loans and advances		(4,854,671)	14,202,811
Trade deposits and short term prepayments		(4,925)	-
Other receivables		110,500	6,153,530
Tax refunds due from Government		(1,007,647)	-
Increase / (decrease) in current liabilities			
Trade and other payables		5,949,016	(28,253,168)
		(12,511,560)	21,617,544
Cash used in operations		(97,597,695)	(77,146,813)
B- Cash and cash equivalents			
Cash and bank balances	25	1,754,436	1,640,371
Short term borrowings	13	(50,982,074)	(28,469,287)
		(49,227,638)	(26,828,916)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

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

	Share capital	Capital reserves	Accumulated loss	Total
	----------Rupees----------			
Balance as at June 30, 2015	522,144,000	3,240,000	(287,716,230)	237,667,770
Total comprehensive loss for the year	-	-	(172,609,666)	(172,609,666)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred taxation	-	-	17,265,347	17,265,347
Balance as at June 30, 2016	522,144,000	3,240,000	(443,060,548)	82,323,452
Total comprehensive loss for the year	-	-	(137,258,112)	(137,258,112)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred taxation	-	-	9,915,829	9,915,829
Balance as at June 30, 2017	522,144,000	3,240,000	(570,402,831)	(45,018,831)

The annexed notes form an integral part of these financial statements.

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

	2017 Rupees	2016 Rupees
Loss for the year	(138,458,963)	(175,866,236)
Other comprehensive income		
Item that will not be reclassified to profit and loss account:		
Remeasurement of staff retirement benefits	1,636,020	4,267,479
Deferred tax on remeasurement of staff retirement benefits	(435,169)	(1,010,909)
Total other comprehensive income - net of tax	1,200,851	3,256,570
Total comprehensive loss for the year	(137,258,112)	(172,609,666)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

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

1 STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan on October 18, 1980 as a private limited company and was subsequently converted into public limited company. The registered office of the company is located at 3-A, SMC Housing Society, Shahra-e-Faisal, Karachi. The shares of the company are quoted on the Pakistan stock exchange limited. The principal business of the company is manufacturing and sale of yarn. The manufacturing units are located at Manga Road, Raiwind in the province of Punjab.

1.1 Going concern assumption

The company has been incurring gross losses for the last five years due to under utilization of production capacity. During the year ended June 30, 2017 the company has incurred a net loss amounting Rs. 138.459 million and has accumulated loss Rs. 570.403 million as of that date. During the year, unit-1 of the company was operated almost full year and unit-2 was operated partially i.e less than 2 months due to non availability of required load of electricity from LESCO to run the entire machinery. Due to un-sustained supply of gas, the company was unable to produce electricity from its own electricity generation plant. Consequently, production of yarn is considerably less as compared with the installed capacity. All these factors impede the company to achieve the optimal production

These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements, however, have been prepared under the going concern assumptions based on the following mitigating factors narrated below;

Request of the company submitted to LESCO for enhancement of load is in process. During the year Sponsoring Directors of the company have injected further funds amounting Rs. 33.165 million along with written commitment to the company stating that they would inject funds as and when required by the company and have also arranged foreign currency loan amounting US $ 500,000 (Rs. 52.395 million) from the lenders to overcome the financial crunch. The Sponsoring Directors also put on record that they have enough liquid fund to fulfill their commitments. Based on these factors, the management of the company has also developed a financial plan which, inter-alia, includes cost cutting measures that would be taken to achieve the objects of the company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its circular no. 17 dated July 20, 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except as stated hereafter in the relevant accounting policies. Further accrual basis of accounting is followed in the preparation of these financial statements except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the company's functional currency.

2.4 Judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

a) Staff retirement benefits;
b) Taxation; and
c) Useful life of depreciable assets and provision for impairment there against.

2.5 CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

2.5.1 Amendments to published standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after July 01, 2016 but are considered not to be relevant or do not have any significant impact on the Company’s financial statements and are therefore not detailed in these financial statements.

2.5.2 Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company

The following standards and amendments to existing standards have been published and are mandatory for the Company’s accounting periods beginning on or after July 01, 2017 or later periods:

¤ Amendments to IAS 12 ‘Income Taxes’ are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company’s financial statements.

¤ Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

¤ Amendments to IFRS 2 - 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

¤ Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

¤ IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

¤ IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

¤ Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. Accordingly, surplus on revaluation of fixed assets will be part of equity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

3.2 Taxation

Current

Company's export sales fall under presumptive tax regime under Section 169 of the Income Tax Ordinance, 2001. Charge for current taxation other than export is based on taxable income at the current rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

Deferred

The company accounts for deferred taxation using the liability method on all timing differences which are considered reversible in the foreseeable future.

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

Deferred tax is calculated at the rates expected to apply to the period when the related temporary differences reverse, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

3.3 Staff retirement benefits - gratuity

The Company operates an unfunded Gratuity Scheme covering all the employees of the Company with qualifying service period of six months. Provision is made annually on the basis of actuarial valuation. The most recent actuarial valuation was carried out as at June 30, 2017 using the Projected Unit Credit Method. Actuarial gains and losses are recognized in accordance with the recommendations of the actuary. Further, the management of the company could not determine the expected payments in next period reasonably.

Principal Actuarial Assumptions	2017	2016
Discount Rate	7.75%	8.33%
Expected rate of eligible salary increase in future years	7.75%	10.00%

3.4 Foreign Currency Translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are included in income currently.

3.5 Trade and Other Payables

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

3.6 Dividends

Dividend distribution to company's shareholders is recognized as a liability in the period in which dividend is approved.

3.7 Contingencies and Commitments

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

3.8 Provisions

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

3.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and capital work-in-progress. Freehold land is stated at revalued amount and capital work-in-progress is stated at cost consisting of expenditure incurred in respect of fixed assets in the course of their construction and installation. Cost of certain plant and machinery consists of historical cost and exchange fluctuations on foreign currency loans utilized for acquisition thereof. Borrowing costs pertaining to erection / construction period are capitalized as part of the historical cost.

Depreciation is charged to income applying reducing balance method to write-off the cost, capitalized exchange fluctuations and borrowing costs over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets. Rates of depreciation are stated in (note 16).

Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

Gains/losses on disposal of fixed assets are taken to Profit and Loss Account.

Minor repairs and maintenance are charged to income, as and when incurred. Major renewals and replacements are capitalized and the assets so replaced, if any, other than those kept as stand by, are retired.

3.10 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date.

3.11 Capital Work in Progress

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

3.12 Long Term Deposits and Loans

These are stated at cost.

3.13 Stores, Spares and Loose Tools

Useable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores and spares are valued at cost comprising invoice value plus other charges paid thereon.

3.14 Stocks in trade and stores, spares and loose tools

These are valued at lower of cost and net realizable value except stock in transit which are valued at cost comprising invoice values plus other charges incurred up to the balance sheet date. Cost is determined as under;

Raw material	Weighted average cost
Packing material	Moving average cost
Work in process	Raw material cost and appropriate manufacturing overheads
Finished goods	Raw material cost, packing material cost and appropriate manufacturing overheads
Waste	Net realizable value

Net realizable value signifies the estimated selling prices in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sales.

3.15 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice amount less any allowance for any uncollectible amounts. Known bad debts, if any, are written-off and provision is made against debts considered doubtful.

3.16 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in cash flow statement comprise of cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term running finances under mark up arrangements.

3.17 Financial instruments

- Recognition and Measurements

All financial assets and liabilities are recognized at cost when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on subsequent re-measurement to fair value of financial assets and financial liability is taken to profit and loss account on occurrence.

- Off-setting of Financial Assets and Financial Liabilities

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

3.18 Impairment

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

3.19 Transactions with related parties

All transactions with related parties are carried out by the company using the methods prescribed under the repealed Companies Ordinance, 1984.

3.20 Revenue recognition

Export sales are booked on shipment basis.

Other sales are recorded when significant risks and rewards of ownership of the goods have passes to the customers which coincides with dispatch of goods to customers.

Return on deposits with banks is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend is recognized as income when the right to receive dividend is established.

Other revenues are recorded, as and when due, on accrual basis.

3.21 Borrowings and borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income in the period of incurrence.

3.22 Basic and diluted earnings per share

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

	2017	2016
	……......Rupees…………	
4 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
52,214,400 (2016: 52,214,400) Ordinary shares of Rs. 10 each allotted for consideration fully paid in cash	522,144,000	522,144,000
	522,144,000	522,144,000

4.1 Ordinary shares of the company held by the associated companies at the year end are as follows:

Associated companies	2017	2016
	Number of shares	
Naheed Noor Enterprises Limited	300,000	300,000
Naheed Noor (Pvt.) Limited	100,500	100,500
Sunrise Bottling Company (Pvt.) Limited	6,500,000	6,500,000
	6,900,500	6,900,500

4.2 Reconciliation of number of ordinary shares of Rs. 10 each fully paid in cash

At the beginning of the year	52,214,400	52,214,400
Issued during the year	-	-
At the end of the year	52,214,400	52,214,400

4.3 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry 'one vote' per share without restriction.

5 CAPITAL RESERVES

5.1 The balance on this account represents reserves created on acquisition of special national fund bonds.

	Note	2017	2016
		………...Rupees………	
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance as at July 01,		544,511,084	611,307,061
Add: Provided/(reversed) during the year		(128,818,179)	(49,530,630)
		415,692,905	561,776,431
Less: Incremental depreciation net of deferred tax		(9,915,829)	(17,265,347)
Balance as at June 30,		405,777,076	544,511,084
Less: Deferred tax attributable to surplus	10.2	(82,018,073)	(128,818,179)
Net surplus		323,759,003	415,692,905

6.1 This represents surplus on revaluation of property, plant and equipment carried out on June 30, 2016 (previously these were revalued on September 30, 2001, September 30, 2004, June 30, 2008 and June 30, 2013) adjusted by surplus realized on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation.

7 LONG TERM FINANCING FROM BANKING COMPANIES	Note	2017	2016
		………...Rupees………	
Secured - from banking companies			
Bank Al Habib Limited			
Term finance	7.1	6,666,667	10,000,000
Term finance	7.2	-	79,475
Habib Metropolitan Bank Limited			
Commercial loan - frozen markup	7.3 & 7.4	39,634,874	39,634,874
		46,301,541	49,714,349
Current portion		(3,333,332)	(3,412,807)
Over due portion		(833,333)	(833,333)
		(4,166,665)	(4,246,140)
		42,134,876	45,468,209

7.1 During the year 2016 company had obtained long term loan for rescheduling / restructuring of overdue FAPC-own facility. The loan is repayable in 12 equal quarterly installments of Rs. 833,333 commenced from June 2016 . The loan is secured against bank equitable / registered mortgage charge over the industrial land comprising of unit 1 of the company, measuring 56 kanals, situated at 3 km Raiwind-Manga road Kasur, for Rs. 160 million along with bank registered hypothecation charge over the plant and machinery for Rs.160 million and on industrial land comprising of khasra 1274, 1275 measuring 16 kanals situated at 3 km Manga Raiwind road Lahore, Kasur and personal guarantees of one director amounting Rs. 150 million. The loan is secured against registered hypothecation charge over stocks for Rs. 100 million (first pari passu charge up to Rs. 50 million), ranking charge over book debts of Rs. 50 million, pledge over cotton bales, lien over export LCs and documents of equivalent amount and counter guarantee. The loan is subject to markup at the rate of three months KIBOR plus 1.5 percent (2016: three months KIBOR plus 1.5 percent) payable on quarterly basis.

7.2 The loan was obtained for purchase of vehicle during the year ended June 30, 2013. The loan was repayable in 36 equal monthly installments of Rs. 26,492 commenced from September 2013. The loan was subject to markup at the rate of 6 months KIBOR plus 3.5% per annum. The loan was secured by way of charge (registered with SECP for Rs 1.00 million) over the vehicle and vehicle was registered jointly in the name of the company and the bank, which has been transferred solely in the name of the company during the year.

7.3 Commercial loan was obtained for restructuring and rescheduling of existing outstanding term loans. The term finance was secured against legal mortgage of Rs. 5.5 million and equitable mortgage on fixed assets of the company including land (measuring 74 Kanals and 13 marlas), building and plant and machinery (valuing Rs. 646.53 millions), charge over stocks and receivable for Rs. 90 million, lien over export documents, L/C and personal guarantees of sponsoring directors. The loan is repayable in 10 years with 2 years grace period commenced from September 2011. It carries mark up at the rate of 7.5% per annum for first year and three months KIBOR plus 2% with floor of 10% subsequently.

During the year ended June 30, 2012, the company has paid off Rs. 326.209 million (Installments due up to December 2017) against long term financing from Habib Metro politan bank to reduce high borrowing cost.

7.4 During the year ended June 30, 2012 the company had paid Rs. 390,000,000 to Habib Metropolitan Bank Limited against outstanding amount of commercial loan, short term FAPC and short term running finance of Rs. 305,035,996, Rs. 35,000,000 and Rs. 49,975,925 respectively.

During the year ended June 30, 2012, the management had requested the bank vide letter dated: August 10, 2011 and August 25, 2011 as under:

While making payment of Rs. 390 million vide letter dated: August 10, 2011 and August 25, 2011, it was requested that the paid amount Rs. 390 million should be adjusted against principal liability first. On the contrary, Habib Metropolitan Bank Limited had not adjusted the payment of Rs. 390 million to settle the principal liability of various loans and settled the amount against markup payable and continue to charge the interest which includes interest on interest amounted to Rs.65,390,954. The company continue to record the liability figures (principal and markup) as per confirmation by the Habib Metropolitan Bank Limited.

The Habib Metropolitan Bank Limited verbally assured the company to adjust the payment against the principal dues as instructed by the company as per the company requests dated: August 10, 2011 and August 25, 2011. When no confirmation was received from the bank, the management had settled the financial statements with prior year adjustment.

The management adjusted the payment made against principal first and thereafter charged to interest/markup (if any). Management believes that there is no outstanding liability toward Habib Metropolitan Bank Limited which has been settled.

Therefore, in previous year, the company had written back commercial loan amounting Rs. 24,156,526, Short term (FAPC, running finance and cash finance) amounting Rs. 99,130,938 and markup payable on short term and long term loans amounting Rs. 65,390,954 . This error had been adjusted retrospectively in accordance with the requirement of International Accounting Standards (IAS-8) "Accounting Policies, Changes in Accounting Estimates and Errors" and the resulting adjustments had been made in relevant years. Consequently, long term financing from banking companies, short term borrowings from banking companies and accrued markup as at June 30, 2014 has decreased by Rs. 24,156,526, Rs. 99,130,938 and Rs. 65,390,954 respectively. Shareholders equity as at June 30, 2013 and June 30, 2014 had increased by Rs. 151,723,975 and Rs. 170,163,362 respectively and loss for the year ended June 30, 2014 and June 30, 2015 had reduced by Rs. 18,439,387 and Rs. 18,515,056 respectively.

8	LONG TERM FINANCING FROM OTHERS	Note	2017	2016
			……….Rupees………	
	Unsecured			
	- from Queenberg Venture Limited	8.1	115,500,000	115,170,000
	- from Messi Capital Investment Limited	8.2	104,994,750	52,344,766
			220,494,750	167,514,766
	Less: Current maturity	8.1 & 8.2	(137,479,125)	(70,340,079)
			83,015,625	97,174,687
8.1	**Unsecured - from QueenBerg Venture Limited**			
	Opening/Transferred from share application money	8.3 & 8.4	99,363,000	99,363,000
	Exchange loss on foreign loan		16,137,000	15,807,000
			115,500,000	115,170,000
	Current portion		(14,437,500)	(14,396,250)
	Overdue portion		(18,046,875)	(3,599,063)
			(32,484,375)	(17,995,313)
			83,015,625	97,174,687
8.2	**Unsecured - from Messi Capital Investment Ltd**			
	Foreign loan I	8.5	52,369,763	52,369,763
	Foreign loan II	8.6	52,395,000	-
	Exchange loss/(gain) on foreign loan		229,987	(24,997)
			104,994,750	52,344,766
	Current portion		(104,994,750)	(52,344,766)
			-	-

8.3 During the year ended June 30, 2012, the company had received an amount of Rs. 99,363,000 from Queenberg Venture Limited for issue of shares in future subject to the compliance of all legal requirements. However, shares had not been issued against share deposit money and during the year 2014 this amount was converted into Foreign Currency Loan (At foreign currency amount originally received for issue of shares) as disclosed.

8.4 The Share deposit money referred above was received from Queenberg Venture Limited (a company incorporated under British Virgin Island Business companies Act, 2004, Singapore) as advance payment towards "Share Application Money" on 8th February 2012 for participation in the share equity of the company at agreed number of shares at the time of deposit of money. Shares had not been issued by the company against the share deposit money and investor decided to convert their investment (at originally disbursed foreign currency amount i.e. US. $ 1,100,000) into repatriable foreign currency loans on basis in term of paragraph 17 (ii) of Chapter XIX of foreign Exchange Manual 2002 of State Bank of Pakistan and through negotiations, party agreed to convert their "Equity Participation Fund" into Long term financing for a period of 10 years. The loan is repayable in 32 equal quarterly installments of $ 34,375 which commencing from June 2016 including grace period of two years. The loan is subject to markup at the rate of 1.8494% (applicable 6 month LIBOR plus 1.5% at the time of signing agreement) to be payable six monthly.

8.5 During the year ended June 30, 2016, the Company had received an amount of Rs. 52,369,763 (US $ 499,950) from Messi Capital Investment Limited (a company incorporated under British Virgin Island Business companies Act 2004, Singapore) as loan. The loan of US $ 499,950 is against the limit of US $ 1,000,000 on repatriable basis in terms of paragraph 17 (ii) of Chapter XIX of foreign Exchange Manual 2002 of State Bank of Pakistan (thereinafter referred to as the Exchange Control regulation) for the a period of 10 years. The loan shall be repayable on the of first occurrence of (i) December 2025 or (ii) on the second business day of following the demand for repayment thereof by the lender. The loan is repayable in 16 equal half yearly installments of $ 31,250 which commences from June 2018 including the first two years as grace period for principal payment. The loan is subject to markup at 6 month LIBOR plus 1% spread to payable six monthly. Although the loan is of long term nature, but due to conditions regarding repayment mentioned in (ii) above, the whole outstanding amount had been transferred to current maturity.

8.6 During the year ended June 30, 2017, the Company has received amounting Rs. 52,395,000 (US $ 500,000) from Messi Capital Investment Limited against above mentioned limit of US $ 1,000,000 (a company incorporated under British Virgin Island Business companies Act 2004, Singapore) as loan. The loan is on repatriable basis in terms of paragraph 17 (ii) of Chapter XIX of foreign Exchange Manual 2002 of State Bank of Pakistan (thereinafter referred to as the Exchange Control regulation) for the a period of 10 years. The loan shall be repayable on the of first occurrence of (i) December 2025 or (ii) on the second business day of following the demand for repayment thereof by the lender. The loan is repayable in 16 equal half yearly installments of $ 31,250 which commences from June 2019 including the first two years as grace period for principal payment. The loan is subject to markup at 6 month LIBOR plus 1% spread to payable six monthly. Although the loan is of long term nature, but due to conditions regarding repayment mentioned in (ii) above, the whole outstanding amount has been transferred to current maturity.

		Note	2017	2016
			………...Rupees………	
9	**LONG TERM FINANCING FROM DIRECTORS AND ASSOCIATES**			
	Unsecured - from related parties			
	From directors		460,101,554	426,936,389
	From associated companies		51,575,312	50,665,428
		9.1	511,676,866	477,601,817

9.1 These are unsecured, interest free loans and not repayable in next twelve months.

		Note	2017	2016
			………...Rupees………	
10	**DEFERRED LIABILITIES**			
	Staff retirement benefits - gratuity	10.1	6,173,063	6,206,400
	Deferred taxation	10.2	82,018,073	-
			88,191,136	6,206,400
10.1	**Staff retirement benefits - gratuity**			
10.1.1	**Movement in the net liability recognized in the balance sheet**			
	Opening net liability		6,206,400	14,085,200
	Expense recognized in profit and loss account	10.1.5	1,615,683	1,562,524
	Recognized in other comprehensive income		(1,636,020)	(4,267,479)
			6,186,063	11,380,245
	Liability transferred to current liabilities		(13,000)	(5,173,845)
	Closing net liability		6,173,063	6,206,400

10.1.2 Movement in present value of defined benefit obligation

Present value of defined benefit obligation - opening	6,206,400	14,085,200
Current service cost	1,099,231	1,175,689
Interest cost	516,452	386,835
Re-measurements gain	(1,636,020)	(4,267,479)
Transferred to trade and other payables	(13,000)	(5,173,845)
Present value of defined benefit obligation - closing	6,173,063	6,206,400

10.1.3 Historical information

	2017	2016	2015	2014	2013
	---Rupees---				
Present value of defined benefit obligation	6,173,063	6,206,400	14,085,200	16,862,053	15,661,726

10.1.4 Liability recognized in Balance Sheet

	2017	2016
	……….Rupees………	
Present value of obligation	6,173,063	6,206,400
	6,173,063	6,206,400

10.1.5 Expense recognized

In Profit and Loss Account		
Current service cost	1,099,231	1,175,689
Interest cost	516,452	386,835
	1,615,683	1,562,524
In Other Comprehensive Income		
Re-measurements in the year	(1,636,020)	(4,267,479)
	(1,636,020)	(4,267,479)

10.1.6 Principle actuarial assumptions

	2017	2016
Discount factor used	7.75%	8.33%
Expected rate of salary increase	7.75%	10%

10.1.7 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made on the basis of actuarial valuation carried on using Projected Unit Credit Method.

	2017	2016
	……….Rupees………	

10.2 Deferred taxation

The net liability for deferred taxation comprises of temporary differences.

Taxable temporary difference		
Accelerated tax depreciation allowance	102,295,299	159,951,799
Surplus on revaluation of property, plant and equipment	82,018,073	-
	184,313,372	159,951,799

	Note	2017	2016
		………...Rupees………	
Deductible temporary differences			
Provision for doubtful debts		(371,512)	(330,860)
Staff retirement benefits - gratuity		(3,903,951)	(1,470,214)
Unused tax losses carried forward		(258,367,111)	(185,394,912)
Turnover tax available for carry forward		(4,021,969)	-
Deferred tax asset not recognized on unused losses		164,369,244	27,244,187
		(98,019,836)	(158,150,725)
		(102,295,299)	(159,951,799)
		82,018,073	-

Reconciliation of deferred tax (income)/expense for the year

	2017	2016
Balance as at July 01,	-	-
Add: Charge/(Reversal) during the year		
Profit and loss account	(435,169)	18,160,030
Other comprehensive income	435,169	1,010,909
Attributable to revaluation surplus of property, plant and equipment	82,018,073	(19,170,939)
	82,018,073	-
	82,018,073	-

10.2.1 During the year, net deferred tax assets for the carry forward of unused tax losses and minimum tax amounting Rs. 164,369,244 (2016: Rs. 27,244,187) has not been recognized because there are remote chances that taxable profit would be available in foreseeable future against which the unused tax losses and unused tax credits can be utilized.

11 TRADE AND OTHER PAYABLES

	2017	2016
	………...Rupees………	
Creditors	132,587,090	107,236,084
Accrued and other liabilities	81,335,152	90,378,505
Advance from customers	33,217,450	43,576,087
Liability against staff retirement benefits - gratuity	8,503,870	8,926,599
Unclaimed dividend	402,570	402,570
	256,046,132	250,519,845

12 ACCRUED MARK UP / INTEREST

	2017	2016
Long term financing	5,045,899	1,646,686
Short term borrowings	20,079,931	20,768,458
	25,125,830	22,415,144

13 SHORT TERM BORROWINGS

Secured - from banking companies

	Note	2017	2016
Running finance	13.1&13.2	25,003,551	25,011,610
Cash finance	13.1	25,666,000	3,457,677
Bank overdrafts	13.3	312,523	-
		50,982,074	28,469,287

13.1 Short term running finances are available from commercial banks under mark up arrangements amounting Rs. 50 million (2016: Rs. 300 million). These are secured against pledge / hypothecation of raw material, cotton and yarn, lien on export bills sent for collection against confirmed LCs, current assets, receivables and personal guarantees of chief executive and sponsoring directors. These carries mark up ranging from 7.54% to 11.00% per annum (2016: 7.35% to 11.00% per annum).

13.2 As fully explained in note no. 7.1, the short tem borrowing form banking companies was restructured / rescheduled to long term financing.

13.3 This represents cheques issued by the company in excess of balance at banks which remained unpresented.

13.4 As fully explained in note 7.4, the company had written back short term borrowings amounting Rs. 99,130,938.

		Note	2017	2016
14	**PROVISION FOR TAXATION**		………..Rupees………	
	Opening balance		10,763,419	10,307,478
	Provision for the year	32	4,021,969	455,940
	Less: Adjusted against available tax/ tax deducted at source		(14,785,388)	-
			-	10,763,419

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Letter of guarantee issued by bank on behalf of the Company amounting Rs. 22.683 million (2016: Rs. 22.683 million).

15.1.2 The company has filed a suit C.O.S No. 78/2015 before Honorable Lahore High Court against Habib Metropolitan Bank Limited for recovery of Rs. 1,532.841 million on accounts of matters as fully explained in note no. 7.4. The suit is presently pending adjudication before the Honorable Lahore High Court. The management is pursuing the case diligently and legal council of the company is hopeful that there is no scope of any fiscal loss to the company in this case.

15.1.3 Habib Metropolitan Bank Limited has filed a suit against the company before Honorable Lahore High Court, wherein the Bank has claimed recovery of Rs. 256.197 million against principal as well as mark up along with costs and cost of funds. The suit is presently pending adjudication before Honorable Lahore High Court.

15.1.4 The company has filed a suit against the Habib Metropolitan Bank Limited before the Banking Court Lahore challenging the Bank's act of reporting the name of the company in E-CIB of State Bank of Pakistan. A stay order in this case was granted. Vide order dated May 20, 2017, this suit has been disposed off by the learned Banking Court Lahore.

15.1.5 Habib Metropolitan Bank Limited has filed a writ petition before Honorable Lahore High Court challenging the Banking Court's Stay Order passed in the Company's favor for reporting name of the Company in E-CIB. This writ petition is presently pending adjudication before the Honorable Lahore High Court. As the suit has been disposed off, thus this writ petition has also become infructuous. Legal counsel of the company is hopeful that there is no scope of any fiscal loss to the company in this case.

15.2 Commitments

15.2.1 There are no commitments as at year end. (2016: nil)

16 PROPERTY, PLANT AND EQUIPMENT

	Owned assets											
	Freehold land	Building on freehold land	Plant and machinery	Electric installation	Fire fighting equipment	Tube well	Office equipment	Furniture and fixture	Vehicles	Weigh bridge	Sub total	Total
	-----	-----	-----	-----	-----	Rupees	-----	-----	-----	-----	-----	-----
Cost												
Balance as at July 01, 2015	132,277,500	203,486,058	789,845,650	16,141,875	834,897	1,026,623	5,753,490	2,085,607	9,118,112	1,602,508	1,162,172,320	1,162,172,320
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation surplus / (deficit)	14,372,500	25,087,042	(88,990,172)	-	-	-	-	-	-	-	(49,530,630)	(49,530,630)
Adjustment	-	(29,022,199)	(112,630,978)	-	-	-	-	-	-	-	(141,653,177)	(141,653,177)
Balance as at June 30, 2016	146,650,000	199,550,901	588,224,500	16,141,875	834,897	1,026,623	5,753,490	2,085,607	9,118,112	1,602,508	970,988,513	970,988,513
Balance as at July 01, 2016	146,650,000	199,550,901	588,224,500	16,141,875	834,897	1,026,623	5,753,490	2,085,607	9,118,112	1,602,508	970,988,513	970,988,513
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	(689,000)	-	(689,000)	(689,000)
Balance as at June 30, 2017	146,650,000	199,550,901	588,224,500	16,141,875	834,897	1,026,623	5,753,490	2,085,607	8,429,112	1,602,508	970,299,513	970,299,513
Depreciation												
Balance as at July 01, 2015	-	19,839,891	76,988,101	13,631,868	622,124	744,816	3,316,126	719,831	6,969,621	1,389,024	124,221,401	124,221,401
Charge for the year	-	9,182,308	35,642,877	251,001	21,277	28,181	243,736	136,578	429,698	21,348	45,957,004	45,957,004
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-	(29,022,199)	(112,630,978)	-	-	-	-	-	-	-	(141,653,177)	(141,653,177)
Balance as at June 30, 2016	-	-	-	13,882,869	643,401	772,997	3,559,862	856,409	7,399,319	1,410,372	28,525,228	28,525,228
Balance as at July 01, 2016	-	-	-	13,882,869	643,401	772,997	3,559,862	856,409	7,399,319	1,410,372	28,525,228	28,525,228
Charge for the year	-	9,977,545	29,411,225	225,901	19,150	25,363	219,363	122,920	323,492	19,214	40,344,172	40,344,172
Depreciation on disposal	-	-	-	-	-	-	-	-	(587,661)	-	(587,661)	(587,661)
Balance as at June 30, 2017	-	9,977,545	29,411,225	14,108,770	662,551	798,360	3,779,225	979,329	7,135,150	1,429,586	68,281,739	68,281,739
Written down value as at June 30, 2016	146,650,000	199,550,901	588,224,500	2,259,006	191,496	253,626	2,193,628	1,229,198	1,718,793	192,136	942,463,285	942,463,285
Written down value as at June 30, 2017	146,650,000	189,573,356	558,813,275	2,033,105	172,346	228,263	1,974,265	1,106,278	1,293,962	172,922	902,017,774	902,017,774
Rate of depreciation		5%	5%	10%	10%	10%	10%	10%	20%	10%		

16.1 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
	-----	-----	Rupees	-----	-----		
Vehicle	689,000	587,661	101,339	700,000	598,661	Negotiation	Mr. Malik Sheraz Sultan House#162 Q, Phase II , DHA , Lahore CNIC#35201-3197200-9
	689,000	587,661	101,339	700,000	598,661		

16.2	Depreciation has been allocated as follows.	Note		
	Cost of sales	27.1	39,678,397	45,146,992
	Administrative expenses	29	665,775	810,012
			40,344,172	45,957,004

16.2.1 Revaluation of property, plant and equipment

Had there been no revaluation the original cost and accumulated depreciation of revalued assets would have been as follows as on June 30, 2017.

Particulars	Cost	Accumulated depreciation	Net book value
Freehold land	14,266,500	-	14,266,500
Factory building	190,249,857	81,336,933	108,912,924
Plant and machinery	717,244,618	343,849,303	373,395,315
Total (2017)	**921,760,975**	**425,186,236**	**496,574,739**
Total (2016)	**921,760,975**	**399,801,592**	**521,959,383**

As explained in note no. 6, freehold land, building, plant and machinery were revalued as at June 30, 2016 (previously these were revalued on June 30, 2013, 2008 and September 30, 2004) by independent valuers "M/S. Harvester services (Pvt.) Limited, Valuers and Engineers, Lahore".

		Note	2017	2016
			…………..Rupees…………	
17	**LONG TERM DEPOSITS**			
	Deposit against bank guarantees		5,034,000	5,034,000
	Security deposits		2,918,894	1,956,105
			7,952,894	6,990,105
18	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		71,830,800	72,931,630
	Spare parts		58,770,654	59,671,334
	Loose tools		1,250	1,250
			130,602,704	132,604,214
19	**STOCK IN TRADE**			
	Raw material		376,094,648	354,518,133
	Work in process		3,634,035	2,703,264
	Finished goods and waste		5,009,375	6,033,884
			384,738,058	363,255,281

19.1 The carrying value of pledged stock is Rs. 32,679,122 (2016: Rs. 1,896,400).

19.2 Finished goods amounting Rs. nil (2016: Rs. 5,907,158) stated at their net realizable value Rs. nil (2016 : Rs. 4,666,655). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. nil (2016: Rs. 1,240,503). Finished goods stock includes waste stock amounting Rs. 1,005,486 (2016: Rs. 1,181,151) carried at net realizable value.

		2017	2016
20	**TRADE DEBTS**	…………..Rupees…………	
	Unsecured		
	Considered good		
	Local yarn debtors	12,779,277	10,705,766
	Local waste debtors	258,381	9,109,325
		13,037,658	19,815,092

		Note	2017	2016
			………..Rupees…………	
21	**LOAN AND ADVANCES**			
	Considered good			
	Advances to:			
	Suppliers		18,436,285	14,436,565
	Purchaser		1,062,433	228,502
	Employees against salaries and wages		997,452	976,432
			20,496,170	15,641,499
22	**TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCES WITH STATUTORY AUTHORITIES**			
	Advance income tax		14,874,173	27,628,974
	Prepaid expenses		4,925	-
			14,879,098	27,628,974
23	**OTHER RECEIVABLES**			
	Considered good			
	Receivable from associated companies		1,072,062	1,182,562
	Considered doubtful			
	Karachi Metropolitan Corporation		1,396,700	1,396,700
	Provision for doubtful receivables		(1,396,700)	(1,396,700)
			-	-
			1,072,062	1,182,562
24	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax receivable		1,007,647	-
			1,007,647	-
25	**CASH AND BANK BALANCES**			
	Cash in hand		411,793	307,369
	Cash with banks in:			
	Local currency current account		1,342,643	1,333,002
			1,754,436	1,640,371

		Note	2017	2016
26	**SALES- NET**			
	Yarn		………..Rupees…………	
	Local sales		392,102,967	252,035,172
	Export sales		-	41,308,566
			392,102,967	293,343,738
	Waste and others		8,253,093	7,092,108
			400,356,060	300,435,846
	Sales tax		-	(7,548,141)
			400,356,060	292,887,705

		Note	2017	2016
			………..Rupees…………	
27	**COST OF SALES**			
	Cost of goods manufactured	27.1	510,536,887	399,866,576
	Finished goods and waste			
	Opening stock		6,033,884	24,432,410
	Closing stock		(5,009,375)	(6,033,884)
			1,024,509	18,398,526
			511,561,396	418,265,102
27.1	**Cost of goods manufactured**			
	Raw material consumed	27.1.1	311,590,994	220,068,690
	Stores, spare parts and loose tools consumed		12,991,278	8,369,526
	Packing materials consumed		5,415,530	5,072,688
	Salaries, wages and other benefits	27.1.2	64,757,481	47,134,824
	Fuel and power		70,342,623	57,259,761
	Vehicle running and maintenance		512,789	235,435
	Repair and maintenance		1,678,004	2,391,205
	Telephone, postage and telegrams		92,264	150,553
	Traveling and conveyance		393,630	394,214
	Printing and stationery		50,730	83,277
	Entertainment		259,570	282,685
	Insurance		2,575,230	2,370,503
	Depreciation	16.2	39,678,397	45,146,992
	Miscellaneous		1,129,138	1,069,149
			511,467,658	390,029,502
	Work in process			
	Opening stock		2,703,264	12,540,338
	Closing stock		(3,634,035)	(2,703,264)
			(930,771)	9,837,074
			510,536,887	399,866,576
27.1.1	**Raw material consumed**			
	Opening stock		354,518,133	369,136,403
	Purchases		330,010,969	201,350,513
	Purchase expenses		3,156,540	4,099,907
			333,167,509	205,450,420
			687,685,642	574,586,823
	Closing stock		(376,094,648)	(354,518,133)
			311,590,994	220,068,690

27.1.2 This includes Rs. 762,193 (2016: Rs. 528,400) on account of staff retirement benefits - gratuity.

		Note	2017	2016
			………...Rupees…………	
28	**DISTRIBUTION COST**			
	Commission on:			
	Export sales		-	787,911
	Local sales		43,817	111,776
			43,817	899,687
	Freight and carriage on:			
	Export sales		-	1,750
	Local sales		2,500	388,000
			2,500	389,750
	Other expenses on:			
	Export sales		-	1,507,916
			46,317	2,797,353
29	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		800,000	-
	Salaries, allowances and other benefits	29.1	9,228,369	12,368,823
	Fees and subscription		624,359	647,098
	Traveling and conveyance		142,014	131,250
	Vehicle running		252,951	651,097
	Telephone, postage and telegram		579,589	631,816
	Printing and stationery		251,883	297,547
	Repair and maintenance		83,074	89,274
	Electricity, gas and water		163,668	57,344
	Insurance		458,814	459,375
	Rent, rates and taxes		235,717	255,866
	Entertainment		151,250	55,369
	Legal and professional charges		1,366,391	314,500
	Auditors' remuneration	29.2	796,000	796,000
	Depreciation	16.2	665,775	810,012
	Advertisement		97,930	59,730
	Others		1,037,352	1,335,064
			16,935,136	18,960,165

29.1 This includes Rs. 853,490 (2016: Rs. 1,034,124) on account of staff retirement benefits - gratuity.

			2017	2016
29.2	**Auditors' remuneration**			
	Statutory audit fee		625,000	625,000
	Half yearly review and other certifications		121,000	121,000
	Review of code of corporate governance		50,000	50,000
			796,000	796,000
30	**OTHER INCOME**			
	Income from non financial assets			
	Weigh bridge income		1,013,000	810,000
	Scrap sales		127,799	38,755
	Gain on disposal of fixed assets		598,661	-
	Other income		-	2,275
			1,739,460	851,030
			1,739,460	851,030

31 FINANCE COST

	2017	2016
	………...Rupees…………	
Interest / mark up on:		
Long term financing	4,087,571	2,606,694
Short term borrowings	2,741,314	4,550,000
Bank charges and commission	348,136	490,443
Guarantee commission fee	437,231	44,240
Exchange loss on foreign currency loan	810,582	3,275,003
	8,424,834	10,966,380

31.1 As fully explained in note no. 7.4, the company has not accounted for finance cost during the year amounting Rs. 15,420,642 (2016: 14,916,918).

32 TAXATION

	2017	2016
	………...Rupees…………	
Current		
Current year	4,021,969	455,940
	4,021,969	455,940
Deferred		
Current year	(435,169)	18,160,030
	3,586,800	18,615,970

32.1 Provision for the current year represents tax on income chargeable under final tax regime u/s 169 and under minimum tax on turnover due under section 113 of the Income Tax Ordinance, 2001. The company has not accounted for Rs. 4,021,969 (2016: Rs. nil) deductible amount of tax paid under this Section, as referred to note no. 10.2, which is certain to recoverable/adjustable against the normal tax in future.

32.2 No numeric tax rate reconciliation is presented in these financial statements as the company is either liable to pay tax under final tax regime u/s 169 or minimum tax u/s 113 of Income Tax Ordinance 2001.

33 EARNING PER SHARE- BASIC AND DILUTED

33.1 Earning per share

		2017	2016
Loss for the year	Rupees	(138,458,963)	(175,866,236)
Weighted average number of ordinary shares outstanding during the year	Numbers	52,214,400	52,214,400
Earning per share	Rupees	(2.65)	(3.37)

33.2 There is no dilutive effect on the basic earning per share.

34 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises 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	2017	2016
	……..Rupees…….	
Long term financing from directors - Receipts	33,191,048	63,810,318
Long term financing from directors- Payments	25,883	5,960,000
Long term financing from associated companies - Receipts	1,020,384	6,004,430
Other receivable - considered good - Amount received back	110,500	-

There are no transactions with key management personnel.

The company has related party relationship with its associated undertakings, its directors and executive officers. Transactions with related parties essentially entail sale and purchase of goods and/or services from the aforementioned concerns. All transactions are carried out on commercial basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel. There are no transactions with key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balance outstanding from related parties are unsecured and repayable on demand or as contracted. Amounts due to related parties are shown in the relevant notes to the financial statements.

35 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

Financial assets	2017	2016
	…………Rupees…………	
Loans and receivables		
Long term deposits	7,952,894	6,990,105
Trade debts	13,037,658	19,815,092
Other receivables	1,072,062	1,182,562
Tax refund due from Government	1,007,647	-
Cash and bank balances	1,754,436	1,640,371
	24,824,697	29,628,129
Financial liabilities		
Financial liabilities at amortized cost		
Long term financing from banking companies	42,134,876	45,468,209
Long term financing from others	83,015,625	97,174,687
Long term financing from directors and associates	511,676,866	477,601,817
Trade and other payables	222,828,682	206,943,758
Accrued interest and markup	25,125,830	22,415,144
Short term borrowings	50,982,074	28,469,287
Current portion of non current liabilities		
Long term financing from banking companies	4,166,665	4,246,140
Long term financing from others	137,479,125	70,340,079
Provision for taxation	-	10,763,419
	1,077,409,743	963,422,539

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments:

36.1 Credit risk
36.2 Liquidity risk
36.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

36.1 Credit risk

36.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trades debts, advances and deposits, interest accrued, other receivables and margin on letter of guarantee. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2017	2016
	……….Rupees………	
Long term deposits	7,952,894	6,990,105
Trade debts	13,037,658	19,815,092
Loans and advances	997,452	976,432
Other receivables	1,072,062	1,182,562
Bank balances	1,342,643	1,640,371
	24,402,709	30,604,562

36.1.2 Geographically there is no concentration of credit risk.

36.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

Yarn	12,779,277	10,705,766
Waste	258,381	9,109,325
	13,037,658	19,815,092

36.1.4 The aging of trade debtors at the balance sheet is as follows:

	Gross debtors	
	2017	2016
	……….Rupees………	
Past due 0 - 30 days	10,605,006	15,852,074
Past due 31 - 90 days	452,659	2,774,113
More than one year	1,979,993	1,188,905
	13,037,658	19,815,092

Based on the past experience, sales volume, consideration of financial position, past track records and recoveries and economic conditions, the company believes that there is no need for provision of balance outstanding more than one year.

36.1.5 Cash at banks

Bank Name	Rating		Rating Agency	2017	2016
	Short Term	Long Term		……….Rupees………	
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	214,357	210,518
Bank Alfalah Limited	A1+	AA+	PACRA	-	341,572
Meezan Bank Limited	A-1+	AA	JCR-VIS	76,211	72,818
Habib Bank Limited	A-1+	AAA	JCR-VIS	11,978	114,627
MCB Bank Limited	A1+	AAA	PACRA	-	5,530
National Bank of Pakistan	A1+	AAA	PACRA	30,197	81,457
United Bank Limited	A-1+	AAA	JCR-VIS	10,783	871
Standard Chartered Bank Limited	A1+	AAA	PACRA	-	5,546
The Bank Of Punjab	A1+	AA	PACRA	9,024	192,154
Samba Bank Limited	A-1	AA	JCR-VIS	4,198	4,070
Soneri Bank Limited	A1+	AA-	PACRA	33,312	19,107
Faysal Bank Limited	A1+	AA	PACRA	10,372	208,080
Silk Bank Limited	A-2	A-	JCR-VIS	78,464	43,967
Nib Bank Limited	A1+	AA-	PACRA	14,576	14,576
Al Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	849,172	18,108
				1,342,643	1,333,002

Credit Risk Management

In respect of trade receivables, the company does not have significant concentration of credit risk with a single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables balances and individually significant balances, along with collection activities are reported to the Board of Directors on a monthly basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis of confirmed letters of credit. These actions are also reported to the Board on a monthly basis.

36.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements;

	2017				
	Carrying amount	Contractual cash flows	Maturity within one year	Two to five years	More than five years
	Rupees				
Non - derivative Financial liabilities					
Long term financings from banking companies	46,301,541	46,301,541	4,166,665	2,500,002	39,634,874
Long term financings from directors	511,676,866	511,676,866	-	-	511,676,866
Long term financings from others	220,494,750	220,494,750	35,765,625	137,812,500	46,916,625
Trade and other payables	256,046,132	256,046,132	256,046,132	-	-
Accrued mark up / interest	25,125,830	25,125,830	25,125,830	-	-
Short term borrowings	50,982,074	50,982,074	50,982,074	-	-
	1,110,627,193	1,110,627,193	372,086,326	140,312,502	598,228,365

	2016				
	Carrying amount	Contractual cash flows	Maturity within one year	Two to five years	More than five years
	Rupees				
Non - derivative Financial liabilities					
Long term financings from banking companies	49,714,349	59,398,330	34,233,327	25,165,003	-
Long term financings from directors	477,601,817	477,601,817	-	-	477,601,817
Long term financings from others	115,170,000	125,014,438	6,794,088	63,841,767	54,378,583
Trade and other payables	250,519,845	250,519,845	250,519,845	-	-
Accrued mark up / interest	22,415,144	22,415,144	22,415,144	-	-
Short term borrowings	28,469,287	30,790,957	30,790,957	-	-
	943,890,442	965,740,532	344,753,361	89,006,770	531,980,400

36.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

36.2.2 Liquidity Risk Management

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the company ensures that it has sufficient cash on demand to meet expected operational cash flows, including serving of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. Further, the company has the support of its sponsors in respect of any liquidity shortfalls.

36.3 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the company's net profit or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

36.3.1 Currency risk

Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro.

	US Dollar	Euro	Others	Rupees
Financial liabilities				
Foreign currency loan 2017	2,103,958	-	-	220,494,750
Foreign currency loan 2016	1,599,950	-	-	167,514,766

The following significant exchange rates applied during the year.

	Reporting date rates	
Financial assets	**2017**	**2016**
US Dollar to Rupee	105	104.5

	Reporting date rates	
Financial liabilities	**2017**	**2016**
US Dollar to Rupee	104.8	104.7

Sensitivity analysis

10% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 10% weakening of Pak Rupee against the above currencies at period end would have had the equal but opposite effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

	2017	**2016**
	………..Rupees………	
US Dollar	22,049,475	(8,375,738)
Euro	-	-

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the company.

36.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows:

	2017	2016
	………..Rupees………	
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	220,494,750	167,514,766
Variable rate instruments		
Financial assets	-	-
Financial liabilities	96,971,091	78,183,636

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

The company is exposed to interest rate risk in respect of its variable rate instruments. A 100 basis points increase in variable interest rates would have decreased profit by Rs. 1,360,629 (2016: decreased profit by Rs. 71,567). A 100 basis points decrease in variable interest rate would have had an equal but opposite impact on profit. This sensitivity analysis is based on assumption that all variables, with the exception of interest rates, remain unchanged.

The effective interest / mark-up rates in respect of financial instruments are mentioned in respective notes to the financial statements.

36.3.3 Price Risk

The company is not exposed to any price risk as it does not hold any significant investments exposed to price risk.

36.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically repriced.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Currently there are no financial assets or financial liabilities which are measured at their fair value in the balance sheet.

	2017	2016
36.5 Off balance sheet items	……Rs. (millions)……	
Bank guarantees	22.683	22.683

36.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

37 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		2017	2016
Borrowings	Rupees	636,827,367	620,244,713
Total equity	Rupees	(45,018,831)	82,323,452
Total capital employed	Rupees	591,808,536	702,568,165
Gearing ratio	Percentage	107.61	88.28

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The directors have waived their remuneration and meeting fees for the previous year. The chief executive is entitled to free use of company maintained car. Following is the detail of managerial remuneration paid to directors and executive with their numbers:

	2017	2016	2017	2016
	---------Directors--------		------Executives------	
Remuneration and other benefits	800,000	-	7,863,838	9,655,000
	800,000	-	7,863,838	9,655,000
Number of persons	1	-	8	9

Executives are defined as employees with basic salary exceeding Rs. 500,000.

39 **CORRESPONDING FIGURES**

Figures have been rearranged / reclassified wherever necessary for the purpose of better presentation and comparison. However, no significant reclassifications were made in these financial statements.

40 **NUMBER OF EMPLOYEES**

	2017	2016
Employees as at year end- numbers	195	253
Average employee during the year- numbers	173	237

41 **CAPACITY AND PRODUCTION**

Spindles installed (numbers)	33,072	33,072
Spindles worked (numbers)	12,480	12,480
Installed capacity converted in to 20/s (Kgs.)	10,266,624	10,266,624
Actual production of yarn converted in to 20/s (Kgs.)	1,723,578	1,752,647
Number of shifts worked per day	2	2

41.1 It is difficult to determine precisely described production capacity and the resultant production converted into single count in the textile industry, since it fluctuates widely depending on various factors such as type of yarn produced and raw material used etc. It would also vary according to the trend of production adopted in a particular period. There was shortage of gas supply during winter season which resulted in reduced production during the year 2017. Both of the units were not consecutively operational for the whole year as explained in note 1.1.

42 **DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were authorized for issue on 07 October, 2017 by the board of directors of the company.

43 **GENERAL**

Figures have been rounded off to the nearest of Rupee.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

KEY OPERATION AND FINANCIAL DATA
FOR THE LAST SIX YEARS
Rs. (000's)

PARTICULARS	2017	2016	2015	2014	2013	2012
BALANCE SHEET SUMMARY						
Paid up Capital	522,144	522,144	522,144	522,144	522,144	522,144
Reserves & Accumulated Losses	(567,163)	(439,821)	(284,476)	(111,782)	9,140	(410,689)
Share Application money		-	-	-	99,363	99,363
Surplus on Revaluation of Fixed Assets	323,759	415,693	463,318	465,914	478,759	375,064
Long Term Liabilities	636,827	620,245	567,000	421,587	88,037	509,131
Deferred Liabilities	88,191	6,206	14,085	53,669	130,265	12,488
Current Liabilities	473,800	386,754	371,510	384,952	470,547	608,969
	1,477,558	**1,511,221**	**1,653,581**	**1,736,484**	**1,798,255**	**1,716,470**
REPRESENTED BY						
Fixed Assets	902,018	942,463	1,037,951	1,086,328	1,124,937	974,053
Long Term Deposit	7,953	6,990	5,710	5,464	4,180	8,614
Current Assets	567,587	561,768	609,920	644,692	669,138	733,803
	1,477,558	**1,511,221**	**1,653,581**	**1,736,484**	**1,798,255**	**1,716,470**
PROFIT AND LOSS - SUMMARY						
Sales	400,356	292,888	508,026	927,881	1,113,206	855,372
Cost of Sales	(511,561)	(418,265)	(673,626)	(1,073,673)	(1,178,708)	(944,462)
Gross Profit	**(111,205)**	**(125,377)**	**(165,600)**	**(145,792)**	**(65,502)**	**(89,090)**
Other Operating Expenses	(16,981)	(21,758)	(30,327)	(45,450)	(51,365)	(31,230)
Financial Charges	(8,425)	(10,967)	(15,799)	(24,187)	(43,791)	(62,646)
Other Income	1,739	851	872	1,503	5,596	1,061
Loan Waived Off	-	-	-	-	450,000	-
Profit / (Loss) Before Taxation	**(134,872)**	**(157,250)**	**(210,853)**	**(213,926)**	**294,938**	**(181,906)**
Provision for Taxation	(3,587)	(18,616)	21,025	71,265	(41,176)	5,637
Profit / (Loss) After Taxation	**(138,459)**	**(175,866)**	**(189,828)**	**(142,661)**	**253,762**	**(176,268)**
Earning Per Share	**(2.65)**	**(3.37)**	**(3.64)**	**(2.73)**	**4.86**	**(1.46)**
Dividend	-	-	-	-	-	-

FORM OF PROXY

The Company Secretary,
RUBY TEXTILE MILLS LIMITED,
203-Faiyaz Centre, 2nd Floor,
3-A, S.M.C. Housing Society
Shahrah-e-Faisal,
Karachi-74400.

PLEASE QUOTE:

Folio No.	No. of Shares held

I/We of____

being a member of Ruby Textile Mills Limited hereby appoint ____________________

of ____

____

____

who is also member if Company vide Registered Folio No..............as my / our proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at 203-Faiyaz Centre, 2nd Floor, 3-A, S.M.C. Housing Society, Shahrah-e-Faisal, Karachi-74400 on Tuesday October 31st, 2017 at 4:00 p.m.

In witness whereof I have set my hand this ________________ day of__________ 2017.

Date: ________________

Place:________________

____
Member’s Signature:

Notes:

1. This proxy form must be deposited duly completed in the Company's Registered Office at least 48 hours before the meeting.
2. A proxy must be member of the Company.
3. Member's Signature should agree with the specimen registered with the Company.

پراکسی فارم (مختار نامہ)

کمپنی سیکٹری
روبی ٹیکسٹائل ملز لمیٹڈ
203-فیاض سنٹر، دوسری منزل،
3-A، S.M.C.ہاؤسنگ سوسائٹی شاہراہِ فیصل کراچی-74400

براہِ مہربانی تحریر کریں: ____________
فولیونمبر: ____________
ملکیتی حصص کی تعداد: ____________

میں/ہم ______________________________
ساکن ______________________________
بحثیت رکن روبی ٹیکسٹائل ملز لمیٹڈ ______________________________
بذریعہ ہذا محترم/محترمہ ______________________________
ساکن ______________________________

جو بروئے رجسٹرڈ فولیو نمبر کمپنی کا ممبر بھی ہے کو اپنے/ ہمارے ایماء پر 203-فیاض سنٹر، دوسری منزل، 3-A، S.M.C.ہاؤسنگ سوسائٹی شاہراہِ فیصل کراچی-74400 پر بروز منگل 31 اکتوبر 2017ء کو سہ پہر 4:00 بجے منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے ،تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز ____________ بتاریخ ____________ 2017ء کو میرے/ ہمارے دستخط اور گواہوں کی تصدیق سے جاری ہوا۔

-/5 روپے کا رسیدی ٹکٹ

تاریخ: ______________________

مقام: ______________________

____
دستخط رکن

نوٹ:

1۔ یہ پراکسی فارم با قاعدہ مکمل شدہ کمپنی کے رجسٹرڈ دفتر میں اجلاس سے کم از کم 48 (اڑتالیس) گھنٹے قبل لازماً جمع کرایا جانا چاہیئے۔
2۔ پراکسی لازماً کمپنی کا رکن ہونا چاہیئے۔
3۔ رکن کے دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخط سے لازماً مطابقت رکھتے ہوں۔

HEAD OFFICE

35-Industrial Area, Gulberg-III,
Lahore-54660, Pakistan.
Ph#(+92-42)3571-4601,3576-1243-4
Fax:(+92-42)3571-1400, 3576-1222
Email:info@rubytextile.com.pk

REGISTERED OFFICE

Room#. 203, Faiyaz Centre, 2nd Floor,3-A,
S.M.C.H.S., Shahrah-e-Faisal, Karachi-74400
Ph#(+92-21) 3439-6600,3438-7700
Fax#(+92-21) 3439-8800
Email:aslamd9@yahoo.com

MILLS

Raiwind -Manga Road,
Raiwind, District Kasur-55050, Pakistan
Phone:(+92-42) 3539-1031,3539-2651-2
Fax:(+92-42) 3539-1032
Email:wasim@rubytextile.com.pk