

Al Nasr Textiles Limited

Financial Statements for the Period Ended
30 June 2017

AL NASR TEXTILES LIMITED

Directors Report for the Year Ending 30th June, 2017



The Directors of **Al Nasr Textiles Limited** are pleased to present the Annual report along with Audited Financial Statements for the year ended 30th June, 2017.

FINANCIAL HIGHLIGHTS

Comparison of Audited result for the year ended June 30th, 2017 as against June 30th, 2016 is as follows:

	30.06.2017	30.06.2016
	(Rs.)	(Rs.)
Sales (Net)	2,995,806,674	2,818,581,230
Gross Profit	332,423,066	176,187,105
Profit before taxation	202,837,771	42,598,174
Taxation	(77,038,350)	(42,598,174)
Profit after taxation	125,799,421	8,048,696
Total Comprehensive Income for the year	126,759,803	9,603,059
Un-appropriated Profit/ (Loss) brought forward	914,529,961	904,926,902
Un-appropriated Profit carried forward	1,041,289,764	914,529,961
Earnings per Share	3.68	0.24

COMPANY PERFORMANCE

During the year, your company earned a pre-tax Profit of Rs. 202,837,771 as against a pre-tax Profit of Rs. 42,598,174 in the last financial year representing 376 % year on year increase. The Gross Profit Margin increased by 89 % as compared to F/Y 2016. This increase reflects the tireless efforts by the management during a slump in the textile industry. The cost efficiency gain in Unit-1 after the installation of new Ring Frames and good margins earned in Unit-2 are a major contributing factor in this turn around. Your company earned a profit after tax of Rs. 125,799,421 as compared to last year's profit after tax of Rs. 8,048,696 (F/Y 2016) which is a substantial 15 times year on year increase.

AL Nasr Textiles Limited

Head office: 29 Shadman-II, Lahore, Pakistan. Phone: +92 42-111-888-600 Fax: +92 42-37421469

E-Mail: yarn@pakuwait.com Web Site: www.pakuwait.com

Factory: 5 Km Raiwind - Manga Road, District Kasur. Phone: +92 42-35391141, 35392064 Fax: +92 42-35391140

AL NASR TEXTILES LIMITED

Directors Report for the Year Ending 30th June, 2017



BALANCING MODERNIZATION & REPLACEMENT (BMR)

Addition to Plant & Machinery was made during the year ended 30th June, 2017. These additions will ensure the production of high quality yarn in the future. The details of the machines acquired are as follows:

- Auto Leveller For Toyoda DX8 LT

FUTURE PROSPECTS

Currently Cotton prices are extremely volatile, efforts are being made to procure cotton at reasonable rates in order to maintain profitability to a reasonable level during the current year. Due to continuous increase in minimum wage announced by the Government the production cost of the company will increase in the next year. Availability of Gas for electricity generation will be important to balance the increase in cost of production. The yarn rates have been depressed, which would adversely impact the financial results of the year 2017 / 2018.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on 30 June 2017, as required under Section 236(2) (d) of the Companies Ordinance 1984, is annexed.

AUDITORS

M/S KPMG Taseer Hadi & Co., Chartered Accountants, retires and being eligible, offers themselves for reappointment as Company's auditors for the year ending 30 June 2018.

ACKNOWLEDGEMENT

The directors acknowledge the efforts made by Company's employees at all levels during the year under review and expect continued endeavors for the achievement of improved results in the current year as well.

For and on behalf of the Board of Directors

Lahore
9th October 2017


(TARIQ MEHMOOD)
Chief Executive

AL Nasr Textiles Limited

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Chartered Accountants
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Servis House
2-Main Gulberg Jail Road,
Lahore Pakistan

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Auditor's Report to the Members

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

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

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

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

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- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date 09 OCT 2017

Lahore



KPMG Taseer Hadi & Co.
Chartered Accountants
(M. Rehan Chughtai)

Al Nasr Textiles Limited
Balance Sheet
As at 30 June 2017

EQUITY AND LIABILITIES

Share capital and reserves

Authorised share capital
40,000,000 (2016: 40,000,000) ordinary shares
of Rs. 10 each

Issued, subscribed and paid-up capital
Accumulated profit

Non-current liabilities

Long term financing - secured
Deferred liabilities

Current liabilities

Current portion of long term financing
Short term borrowings - secured
Trade and other payables
Mark-up accrued on borrowings

Contingencies and commitments

Note

2017
Rupees

2016
Rupees

400,000,000	400,000,000
342,000,000	342,000,000
1,041,289,764	914,529,961
1,383,289,764	1,256,529,961

135,001,930	242,607,863
207,950,805	195,808,338
342,952,735	438,416,201

107,605,994	115,410,959
380,651,184	471,885,185
155,596,646	145,269,143
10,621,122	15,192,037
654,474,946	747,757,324

2,380,717,445	2,442,703,486
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Note

2017
Rupees

2016
Rupees

ASSETS

Non-current assets

Property, plant and equipment
Intangibles
Long term deposits

1,267,291,081	1,352,891,330
493,283	887,907
7,075,600	6,777,600
1,274,859,964	1,360,556,837

Current assets

Stores, spare parts and loose tools
Stock-in-trade
Trade debts
Advances, deposits and prepayments
Other receivables
Advance tax - net
Cash and bank balances

44,500,552	46,845,158
710,549,824	638,977,273
82,034,362	63,315,127
177,686,064	153,282,751
13,826,987	4,703,354
54,972,586	101,130,814
22,287,106	73,892,172
1,105,857,481	1,082,146,649

2,380,717,445	2,442,703,486
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The annexed notes from 1 to 33 form an integral part of these financial statements.

Lahore


Chief Executive


Director

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Al Nasr Textiles Limited
Profit and Loss Account
For the year ended 30 June 2017

	Note	2017 Rupees	2016 Rupees
Sales - net	21	2,995,806,674	2,818,581,230
Cost of sales	22	<u>(2,663,383,608)</u>	<u>(2,642,394,125)</u>
Gross profit		332,423,066	176,187,105
Administrative expenses	23	<u>(34,666,044)</u>	<u>(29,222,966)</u>
Distribution cost	24	<u>(26,098,280)</u>	<u>(36,455,576)</u>
Other expenses	25	<u>(15,379,208)</u>	<u>(31,148,171)</u>
		<u>(76,143,532)</u>	<u>(96,826,713)</u>
Other income	26	<u>6,316,104</u>	<u>28,734,259</u>
Operating profit		262,595,638	108,094,651
Finance cost	27	<u>(59,757,867)</u>	<u>(65,496,477)</u>
Profit before taxation		202,837,771	42,598,174
Taxation	28	<u>(77,038,350)</u>	<u>(34,549,478)</u>
Profit after taxation		<u>125,799,421</u>	<u>8,048,696</u>

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The annexed notes from 1 to 33 form an integral part of these financial statements.

Lahore


Chief Executive


Director

Al Nasr Textiles Limited
 Statement of Comprehensive Income
 For the year ended 30 June 2017

	2017 Rupees	2016 Rupees
Profit after taxation	125,799,421	8,048,696
<u>Other comprehensive income</u>		
<i>Items that will never be reclassified to profit and loss account</i>		
Remeasurement of defined benefit obligation	1,288,533	2,029,195
Related deferred tax	(328,151)	(474,832)
	960,382	1,554,363
Total comprehensive income for the year	126,759,803	9,603,059

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The annexed notes from 1 to 33 form an integral part of these financial statements.

Lahore


 Chief Executive


 Director

Al Nasr Textiles Limited
Cash Flow Statement
For the year ended 30 June 2017

	Note	2017 Rupees	2016 Rupees
<u>Cash flows from operating activities</u>			
Profit before taxation		202,837,771	42,598,174
<i>Adjustments for non-cash items:</i>			
Depreciation	13	96,242,564	92,381,682
Amortisation	14	394,624	394,624
Finance cost	27	59,757,867	65,496,477
Loss on disposal of property, plant and equipment	23	1,217,954	206,189
Provision for doubtful debts	18	1,853,458	857,758
Provision for Worker's Profit Participation Fund	25	11,059,209	2,432,534
Provision for Worker's Welfare Fund	25	4,468,359	869,350
Staff retirement benefits	7.1.2	10,127,138	11,755,072
		<u>185,121,173</u>	<u>174,393,686</u>
Operating profit before working capital changes		387,958,944	216,991,860
<u>Effect on cash flow due to working capital changes</u>			
<i>(Increase)/decrease in current assets:</i>			
Trade debts		(20,572,693)	26,897,261
Stores, spare parts and loose tools		2,344,606	(13,404,361)
Stock-in-trade		(71,572,551)	58,967,077
Advances deposits and prepayments		(24,403,313)	(77,190,699)
Other receivables		(9,123,633)	21,228,628
<i>Decrease in current liabilities:</i>			
Trade and other payables		(1,894,591)	(17,052,713)
		<u>(125,222,175)</u>	<u>(554,807)</u>
Cash generated from operations		262,736,769	216,437,053
Finance cost paid		(64,328,782)	(66,488,907)
Staff retirement benefits paid		(10,426,242)	(10,255,780)
Payment made to Worker's Profit Participation Fund		(2,436,124)	(2,557,600)
Payment made to Worker's Welfare Fund		(869,350)	(1,362,966)
Long term deposits paid		(298,000)	-
Income Taxes paid		(17,478,169)	(36,039,131)
		<u>(95,836,667)</u>	<u>(116,704,384)</u>
Net cash generated from operating activities		166,900,102	99,732,669
<u>Cash flows from investing activities</u>			
Acquisition of property, plant and equipment (Including CWIP)		(11,860,269)	(232,311,252)
Proceeds from disposal of property, plant and equipment		-	2,705,529
Net cash used in investing activities		(11,860,269)	(229,605,723)
<u>Cash flows from financing activities</u>			
Long term loans - net		(115,410,898)	78,415,879
Payment of finance lease liabilities		-	(583,691)
Net movement in short term borrowings - secured		(128,786,908)	24,816,969
Net cash (used in) / generated from financing activities		(244,197,806)	102,649,157
Net decrease in cash and cash equivalents		(89,157,973)	(27,223,897)
Cash and cash equivalents at beginning of the year		72,944,534	100,168,431
Cash and cash equivalents at end of the year		(16,213,439)	72,944,534
Cash and cash equivalents comprise of the following:			
Cash and bank balances	20	22,287,106	73,892,172
Running finance	9	(38,500,545)	(947,638)
		<u>(16,213,439)</u>	<u>72,944,534</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

Lahore

Chief Executive

Director

Al Nasr Textiles Limited
Statement of Changes in Equity
For the year ended 30 June 2017

	Share capital	Accumulated profit	Total
	-----Rupees-----		
Balance as at 30 June 2015	342,000,000	904,926,902	1,246,926,902
<i>Total comprehensive income for the year</i>			
Profit for the year ended 30 June 2016	-	8,048,696	8,048,696
Other comprehensive income for the year ended 30 June 2016	-	1,554,363	1,554,363
	-	9,603,059	9,603,059
Balance as at 30 June 2016	342,000,000	914,529,961	1,256,529,961
<i>Total comprehensive income for the year</i>			
Profit for the year ended 30 June 2017	-	125,799,421	125,799,421
Other comprehensive income for the year ended 30 June 2017	-	960,382	960,382
	-	126,759,803	126,759,803
Balance as at 30 June 2017	342,000,000	1,041,289,764	1,383,289,764

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The annexed notes from 1 to 33 form an integral part of these financial statements.

Lahore


 Chief Executive


 Director

Al Nasr Textiles Limited

Notes to the Financial Statements

For the year ended 30 June 2017

1 Reporting entity

Al Nasr Textiles Limited ("the Company") was incorporated in Pakistan in July 2001 as an unquoted public limited company. The Company is a subsidiary of Pak Kuwait Textiles Limited ("the Parent Company"), which holds 96.84% of total paid-up share capital of the Company. The principal activity of the Company is manufacturing and sale of 100% cotton yarn. The registered address of the Company is situated at 29-Shadman II, Lahore, Pakistan.

2 Statement of compliance

2.1 These unconsolidated 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 (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

During the year on 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the Companies Ordinance, 1984 (the repealed Ordinance). However, the Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 17 of 2017 dated 20 July 2017 has advised the Companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the Companies Ordinance, 1984.

3 New Companies Act, 2017 and new and revised approved accounting standards, interpretations and amendments thereto

3.1 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 land to bring it in line with the requirements of IAS 16 – Property, plant and equipment. This amendment is not likely to have an impact on the Company's financial statements.

3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- 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.

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- 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.

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.
- 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.

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- 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.

The above amendments are not likely to have an impact on the Company's financial statements, except for certain additional disclosures.

3.3 Basis of measurement

These financial statements have been prepared on the historical cost convention except for employee retirement benefits that are stated at present value and certain investments are carried at fair value.

3.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupee ("Rs.") which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

3.5 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

3.5.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in estimate may affect the depreciation charge or impairment. The rates of depreciation are specified in note 13.1.

3.5.2 Intangibles

The Company reviews the rate of amortisation and value of intangible assets for possible impairment, on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortisation charge and impairment.

3.5.3 Stores, spare parts, loose tools and stock in trade

The Company reviews the stores, spare parts, loose tools and stock in trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spare parts and loose tools and stock in trade with a corresponding affect on the provision and net realizable value.

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

3.5.4 Provision against trade debts, advances and other receivables

The Company reviews the recoverability of its trade debts, advances and other receivables to assess impairment and provision required there against on annual basis.

3.5.5 Provisions

Estimates of the amount of provisions recognized are based on current legal and constructive requirements. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

3.5.6 Impairment

The management of the Company reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

3.5.7 Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.5.8 Employee benefits

The present value of the obligation for gratuity depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the charge for the year include the discount rate, expected increase in eligible salary and mortality rate. Any changes in these assumptions will impact the carrying amount of obligations for gratuity.

4 Significant accounting policies

The significant accounting policies have been applied consistently to all periods presented in these financial statements.

4.1 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

4.2 Taxation

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

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The Company takes into account the current income tax laws as well as the decisions taken by appellate authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

Deferred

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.3 Staff retirement benefits

The Company operates an unfunded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Provision is made annually on the basis of actuarial recommendation to cover obligation under the scheme. Actuarial valuation of the scheme is undertaken at appropriate regular intervals and the latest valuation was carried out at 30 June 2017, using the "Projected Unit Credit Method".

Remeasurement of net defined benefit liability, which comprise of actuarial gains and losses is recognized immediately in other comprehensive income. The Company determines net interest expense/(income) on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then-net defined benefit, taking into account any change in the net defined benefit obligation during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss.

4.4 Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instruments.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets.

Financial liabilities are de-recognized when they are extinguished, that is, when the obligation specified in the contract is extinguished, cancelled, or expired. Any gain or loss on de-recognizing the financial assets and financial liabilities is taken to profit and loss account currently.

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The particular measurement methods adopted for various financial instruments are disclosed in the individual policy statements associated with each item.

4.5 Financial liabilities

Financial liabilities are classified according to substance of contractual arrangements entered into. Significant financial liabilities include short and long term borrowings and trade and other payables.

Interest bearing borrowings

Interest bearing borrowings are recognized initially at fair value less attributable transaction cost, if any. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowings on an effective interest basis.

Other financial liabilities

All other financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

4.6 Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently at amortized cost using effective interest rate method.

4.7 Property, plant and equipment

Owned

Property, plant and equipment except freehold land and capital work in progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work-in-progress are stated at cost less any identified impairment loss. Depreciation is charged to profit and loss by applying the reducing balance method at rates indicated in note 13.1 to these financial statements. Cost comprises purchase price, including duties and non refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection or installation.

Depreciation on additions to property, plant and equipment is charged on full month basis when asset is capitalized, while no depreciation is charged in the month of disposal.

Major repairs and maintenance, which enhances the production capacity, quality of the premium products and increase the life of machinery, are capitalized, whereas, normal repairs and maintenance are charged to income as and when incurred.

Gain or loss arising on disposal of assets is included in the other income currently.

Capital work in progress

Capital work in progress represents expenditure on property, plant and equipment in the course of construction and installation including material, labour and overheads directly relating to the project. Transfers are made to relevant category of property, plant and equipment as and when assets are available for use. Capital work in progress is stated at cost, less any identified impairment loss.

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4.8 Intangibles

Intangible assets having finite useful life are stated at cost less accumulated amortisation and any identified impairment loss. These are amortized using the straight line method at the rates given in note 14. Amortisation on additions is charged from the month in which an intangible asset is acquired, while no amortisation is charged for the month in which intangible asset is disposed off.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are charged to income as and when incurred.

4.9 Stores, spare parts, loose tools and stock in trade

These are valued at lower of cost or net realizable value. Cost has been determined as follows:

Stores, spare parts and loose tools.	At moving average cost.
Raw material	At moving average cost.
Work in process	At average manufacturing cost.
Finished goods	At average manufacturing cost.

Items in transit, are valued at cost comprising invoiced value and related expenses. The Company reviews the carrying amount of stores and spares and stock in trade on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools and stock in trade. Impairment is also made for slow moving items.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

4.10 Trade debts and other receivables

On initial recognition, these are measured at cost, being their fair value at the date of transaction. Subsequent to initial recognition, these are measured at amortized cost less impairment losses if any, using the effective interest method, with interest recognized in profit and loss account. Bad debts are written off when identified.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances. Running finances that are repayable on demand are included as component of cash and cash equivalents for the purpose of cash flow statement.

4.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales tax, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

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Revenue from different sources is recognized as follows:

- Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer;
- Interest income is recognized as and when accrued on effective interest method; and
- Dividend income is recognized when the Company's right to receive payment is established.

4.13 Foreign currencies

Foreign currency transactions are converted into Pak Rupees using the exchange rates prevailing on the date of transaction while monetary assets and liabilities are converted into Pak Rupees using the exchange rates prevailing at the balance sheet date. All exchange differences are charged to profit and loss account.

4.14 Borrowing costs

Borrowings and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

4.15 Provisions and contingencies

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.16 Impairment losses

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed through profit and loss account if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

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Impairment losses on available for sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit and loss; otherwise it is reversed through other comprehensive income.

Non financial assets

The carrying amount of the Company's non-financial assets except for, inventories and deferred tax asset, are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets of cash generating units.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset of cash generating unit.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit and loss.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been charged.

4.17 Offsetting of financial assets and financial liabilities

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

	2017 Rupees	2016 Rupees
5 Issued, subscribed and paid-up capital		
34,200,000 (2016: 34,200,000) ordinary shares of Rs. 10 each fully paid in cash	<u>342,000,000.00</u>	<u>342,000,000</u>
5.1 Pak Kuwait Textiles Limited, the Parent Company, holds 33,119,000 (2016: 33,119,000) ordinary shares of Rs. 10 each of the Company.		
5.2 Directors hold 673,291 (2016: 445,831) ordinary shares of Rs. 10 each of the Company.		

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6 Long term financing - secured

Banking Companies	Note	2017 Rupees	2016 Rupees	Rate Per annum	Number of remaining installments	Salient features
Faysal Bank Limited (FBL)						
(a)	Term Finance - I	310,770	1,553,898	6M KIBOR+1.0%	The loan is repayable in 16 equal quarterly installments including grace period of one year ending on 23 August, 2017.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement (BMR). This loan along with loan (b), (c) and (d) has sanctioned limit of Rs. 50 million. This facility, along with facility (b), (c), (d), (e), (f), (g), (h) and (i) is secured by way of first pari passu charge to the extent of Rs. 210 million over present and future fixed assets of the Company.
(b)	Term Finance - II	1,294,875	6,474,399	6M KIBOR+1.0%	The loan is repayable in 16 equal quarterly installments including grace period of one year ending on 27 August, 2017.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement.
(c)	Term Finance - III	2,741,838	8,225,542	6M KIBOR+1.0%	The loan is repayable in 16 equal quarterly installments including grace period of one year ending on 8 October, 2017.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement.
(d)	Term Finance - IV	296,826	890,478	6M KIBOR+1.0%	The loan is repayable in 16 equal quarterly installments including grace period of one year ending on 11 October, 2017.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement.
(e)	Dimishing Musharika Finance - I	1,685,583	3,933,023	6M KIBOR+1.0%	The loan is repayable in 16 equal quarterly installments ending on 31 January, 2018.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. This loan alongwith loan (f) has sanctioned limit of Rs. 40 million.
(f)	Dimishing Musharika Finance - II	5,972,123	11,944,247	6M KIBOR+1.0%	The loan is repayable in 16 equal quarterly installments including grace period of one year ending on 9 May, 2018.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement.
(g)	Term Finance - V	2,393,000	7,179,000	3M KIBOR+1.0%	The loan is repayable in 16 equal quarterly installments including grace period of one year ending on 2 November, 2017.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 20 million.
(h)	Dimishing Musharika Finance - III	17,754,611	31,958,303	6M KIBOR+1.0%	The loan is repayable in 16 equal quarterly installments including grace period of one year ending on 17 September, 2018.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 70 million.
(i)	Dimishing Musharika Finance - IV	8,886,735	13,330,075	6M KIBOR+1.0%	The loan is repayable in 16 equal quarterly installments including grace period of one year ending on 28 May, 2019.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 50 million.
(j)	National Bank of Pakistan Demand Finance - III	-	4,750,000	3M KIBOR+2.5%	During the year, the loan has been fully repaid.	

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Banking Companies	Note	2017 Rupees	2016 Rupees	Rate Per annum	Number of remaining installments	Salient features
Bank Al-Habib Limited						
(k) Diminishing Musharaka Finance - I		142,925,359	158,805,955	6M KIBOR+0.9%	The loan is repayable in 20 equal quarterly installments including grace period of one year ending on 09 December, 2021.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 163 million. This facility, along with facility (l) is secured by way of ranking charge over fixed assets of the Company already registered for Rs. 26.5 million and joint part passu charge for this facility along with facility (l), (m), (n), (o), (p) and (q) over the fixed assets of the Company amounting to Rs.370 million.
(l) Diminishing Musharaka Finance - II		8,750,002	10,000,000	6M KIBOR+0.9%	The loan is repayable in 48 equal monthly installments including grace period of one year ending on 09 December, 2020.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 10 million.
(m) Term Finance - I		-	1,354,500	6M KIBOR+2%	During the year, the loan has been fully repaid.	
(n) Term Finance - II		-	2,206,000	6M KIBOR+2%	During the year, the loan has been fully repaid.	
(o) Term Finance - III		-	9,314,500	6M KIBOR+2%	During the year, the loan has been fully repaid.	
(p) Term Finance - IV		17,500,000	31,500,000	6M KIBOR+1.5%	The loan is repayable in 16 equal quarterly installments including grace period of one year ending on 30 September, 2018.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 56 million.
(q) Term Finance - V		18,750,000	31,250,000	6M KIBOR+1.5%	The loan is repayable in 16 equal quarterly installments including grace period of one year ending on 27 August, 2018.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 50 million.
Askari Bank Limited						
(r) Term Finance - I		5,544,702	11,089,402	6M KIBOR-1.5%	The loan is repayable in 08 equal quarterly installments ending on 04 April, 2018.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 11.5 million. This loan facility is secured by way of ranking charge over fixed assets of the Company of Rs.15 million.
Bank of Punjab						
(s) Term Finance - I		7,801,500	12,259,500	6M KIBOR+1.5%	The loan is repayable in 16 equal quarterly installments including grace period of one year ending on 31 March, 2019.	The Company obtained this loan for the purpose of Balancing Modernization and Replacement. Loan has sanctioned limit of Rs. 100 million. This loan facility is secured by way of ranking charge over fixed assets of the Company of Rs.134 million.
		242,607,924	358,018,822			
		(107,605,994)	(115,410,959)			
Less: Current maturity of long term financing	8	135,001,930	242,607,863			

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7	Deferred liabilities	Note	2017 Rupees	2016 Rupees
	Staff retirement benefits	7.1	16,670,758	18,258,395
	Deferred tax liability	7.2	191,280,047	177,549,943
			<u>207,950,805</u>	<u>195,808,338</u>

7.1 Staff gratuity

The latest actuarial valuation of the Company's defined benefit plan, was conducted at 30 June 2017 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

7.1.1	The amounts recognized in the balance sheet are as follows:	Note	2017 Rupees	2016 Rupees
	Present value of defined benefit obligation	7.1.4	16,670,758	18,258,395
	Liability at end of the year		<u>16,670,758</u>	<u>18,258,395</u>
7.1.2	The amounts recognized in the profit and loss account against defined benefit plan are as follows:			
	Current service cost		9,181,356	10,423,182
	Interest cost		945,782	1,331,890
	Charge to profit and loss		<u>10,127,138</u>	<u>11,755,072</u>
7.1.3	Included in other comprehensive income:			
	Experience adjustment on obligation			
	Credit to other comprehensive income		(1,288,533)	(2,029,195)
			<u>(1,288,533)</u>	<u>(2,029,195)</u>
7.1.4	Movement in the liability recognized in the balance sheet is as follows:			
	Liability at beginning of the year		18,258,395	18,788,298
	Charge for the year	7.1.2	10,127,138	11,755,072
	Actuarial gain credited to OCI	7.1.3	(1,288,533)	(2,029,195)
	Benefits paid during the year		(10,426,242)	(10,255,780)
	Liability at end of the year		<u>16,670,758</u>	<u>18,258,395</u>
7.1.5	Movement in the liability recognized in the balance sheet is as follows:			
	Present value of defined benefit obligation at beginning of the year		18,258,395	18,788,298
	Current service cost		9,181,356	10,423,182
	Interest cost		945,782	1,331,890
	Benefits paid		(10,426,242)	(10,255,780)
	Remeasurement gain on obligation		(1,288,533)	(2,029,195)
	Present value of defined benefit obligation at the end of the year		<u>16,670,758</u>	<u>18,258,395</u>

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	2017 Rupees	2016 Rupees
7.1.6 Amounts recognized in the profit and loss account		
Current service cost	9,181,356	10,423,182
Interest cost	945,782	1,331,890
	<u>10,127,138</u>	<u>11,755,072</u>

	2017	2016
7.1.7 Actuarial assumptions		
Valuation discount rate	7.25%	9.75%
Expected rate of increase in salaries	7.75%	6.25%
Average expected remaining working lifetime of employees	6 years	6 years

7.1.8 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation at the year end -increase/(decrease)		
	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	1%	(974,051)	1,132,444
Salary growth rate	1%	1,194,774	(1,049,329)

7.1.9 The average duration of the defined benefit obligation is 6 years. The Company expects to charge Rs. 10.51 million to profit and loss account on account of defined benefit plan in 2018.

	<i>Note</i>	2017 Rupees	2016 Rupees
7.2 Deferred tax liability			
<i>Taxable temporary difference:</i>			
Accelerated tax depreciation		195,887,904	183,511,152
<i>Deductible temporary differences:</i>			
Staff retirement benefits		(3,917,391)	(3,797,633)
Provision for doubtful debts		(690,466)	(200,717)
Unused tax losses		-	(1,962,859)
		<u>191,280,047</u>	<u>177,549,943</u>

8 Current portion of long term liabilities

Long term financing	6	107,605,994	115,410,959
		<u>107,605,994</u>	<u>115,410,959</u>

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9	Short term borrowing - secured	2017 Rupees	2016 Rupees
<i>From banking companies:</i>			
	Short term cash finance	342,150,639	470,937,547
	Short term running finance	38,500,545	947,638
		<u>380,651,184</u>	<u>471,885,185</u>

9.1 These facilities have been obtained from various banking companies for working capital requirements. These are secured by way of joint pari passu charge on current assets of the Company amounting to Rs. 979 million (2016: Rs.979 million) pledge of raw material, lien on import documents and personal guarantees of directors. These facilities are expiring on various dates latest by 30 June 2018.

Mark-up on facilities is charged at the rates ranging from 6.51% to 7.16% (2016: 6.60% to 8.90%) per annum payable quarterly.

The aggregate available short term funded facilities amount to Rs. 2,795 million (2016: Rs. 2,795 million).

10	Trade and other payables	Note	2017 Rupees	2016 Rupees
	Trade creditors		24,607,786	24,046,165
	Accrued liabilities	10.3	88,136,263	77,861,157
	Advances from customers		12,738,426	24,512,105
	Payable to Workers' Profit Participation Fund	10.1	10,910,849	2,287,764
	Payable to Worker Welfare Fund	10.2	4,468,359	869,350
	Withholding tax payable		567,141	174,427
	Withholding sales tax payable		365,730	691,266
	Security refundable	10.4	-	5,882,658
	Payable to commission and clearing agents		6,199,971	3,855,111
	Other payables		7,602,121	5,089,140
			<u>155,596,646</u>	<u>145,269,143</u>

10.1 Workers' Profit Participation Fund

	At beginning of the year		2,287,764	2,412,830
	Allocation for the year	25	10,910,849	2,287,764
	Interest for the year	27	148,360	144,770
			<u>13,346,973</u>	<u>4,845,364</u>
	Less: Paid during the year		(2,436,124)	(2,557,600)
	At end of the year		<u>10,910,849</u>	<u>2,287,764</u>

10.2 Workers' Welfare Fund

	At beginning of the year		869,350	1,362,966
	Allocation for the year	25	4,468,359	869,350
			<u>5,337,709</u>	<u>2,232,316</u>
	Less: Paid during the year		(869,350)	(1,362,966)
	At end of the year		<u>4,468,359</u>	<u>869,350</u>

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10.3 This includes Rs. 39.521 million booked on account of Gas Infrastructure Development Cess (GIDC) for the period from August 2014 to June 2017. The Company, along with various other companies has challenged the legality and validity of levy and demand of GIDC in Honorable Lahore High Court which is pending adjudication. However, on a prudent basis, the Company has recorded the GIDC amount for the mentioned period. Further, due to non payment, default surcharge of Rs. 13.007 million for the period from September 2015 to June 2017 has been imposed on the Company, which has not been recorded in these financial statements based on the opinion of legal advisor. The management is hopeful that the Company will not be required to pay the default surcharge.

10.4 These interest free security deposits are held by the Company against vendors for waste and yarn sales. These are repayable on demand subject to clearance of dues.

	2017 Rupees	2016 Rupees
11 Mark-up accrued on borrowings		
Long term financing - secured	2,521,219	4,280,093
Short term borrowings - secured	8,099,903	10,911,944
	<u>10,621,122</u>	<u>15,192,037</u>

12 Contingencies and commitments

12.1 Contingencies

12.1.1 The Company filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Division Bench of the Honorable High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, had partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 2006, it was legal and the same was collected by the Excise Department in accordance with the law. The appeal was filed against the declaration that the infrastructure cess / fee collected after 28 December 2006 by the Excise Department is in accordance with law. The Province of Sindh and Excise and Taxation Department had also preferred an appeal against the judgment decided against them. The Honorable Supreme Court consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Honorable Sindh High Court Karachi. Stay has been granted by the Honorable High Court on 31 May 2011 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee amounting to Rs. 8.07 million for remaining 50% to them. The petition is pending for hearing and stay is continuing. No provision has been made in these financial statements as the management is confident of favourable outcome of the matter.

12.2 Commitments

12.2.1 Aggregate amount of bank guarantees issued by banks outstanding as at balance sheet date amounted to Rs. 49.990 million (2016: Rs. 40.944 million)

	2017 Rupees	2016 Rupees
12.2.2 In respect of:		
- letters of credit for:		
- capital expenditure	416,985,513	-
- stores and spares	21,075,128	-
- raw material	52,110,575	5,349,428
Civil works	5,281,866	-
	<u>495,453,082</u>	<u>5,349,428</u>

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13 Property, plant and equipment

Note	2017 Rupees	2016 Rupees
13.1	1,260,446,231	1,352,891,330
13.4	6,844,850	-
	<u>1,267,291,081</u>	<u>1,352,891,330</u>

Operating fixed assets
Capital work in progress

13.1 Operating fixed assets

	Cost				Accumulated Depreciation				Net book value as at 30 June 2017		
	As at 01 July 2016	Additions/transfers during the year	Disposals/adjustments during the year	As at 30 June 2017	Rate	As at 01 July 2016	Charge for the year	Transfers during the year		Disposals during the year	As at 30 June 2017
	Rupees				%	Rupees					
Freehold land	34,857,369	-	-	34,857,369	5	-	7,646,437	-	-	-	34,857,369
Buildings on freehold land	241,195,231	-	-	241,195,231	10 & 5	88,266,493	83,172,343	-	-	95,912,930	145,282,301
Plant and machinery	1,849,488,239	1,712,769	(3,414,971)	1,847,786,037	20	734,282,448	464,819	-	(2,197,017)	815,257,774	1,032,528,263
Vehicles	6,637,754	54,274	-	6,692,028	10	2,095,810	105,142	-	-	4,832,753	1,859,275
Furniture and fittings	3,132,831	21,600	-	3,154,431	10	48,140,076	3,737,861	-	-	2,200,952	953,479
Electric installation	84,209,835	2,277,500	-	86,487,335	10	6,063,748	294,025	-	-	51,877,937	34,609,398
Tools and equipment	9,004,000	-	-	9,004,000	10	3,090,343	480,165	-	-	6,357,773	2,646,227
Office equipment	7,255,206	949,276	-	8,204,482	10	853,813	341,772	-	-	1,193,585	4,633,974
Tube well	4,271,530	-	-	4,271,530	10	887,160,665	96,242,564	-	(2,197,017)	981,206,212	1,260,446,231
	<u>2,240,051,995</u>	<u>5,015,419</u>	<u>(3,414,971)</u>	<u>2,241,652,443</u>		<u>887,160,665</u>	<u>96,242,564</u>	<u>-</u>	<u>(2,197,017)</u>	<u>981,206,212</u>	<u>1,260,446,231</u>

Owned

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	Cost		Accumulated Depreciation				Net book value as at 30 June 2016
	As at 01 July 2015	As at 30 June 2016	As at 01 July 2015	Charge for the year	Transfers during the year	Disposals during the year	
As at 01 July 2015							
Additions/ transfers during the year							
Disposals during the year							
As at 30 June 2016							
	Rupees		Rupees				
	%		%				

Owned

Freehold land	34,857,369	-	-	34,857,369	-	-	-	34,857,369	-	34,857,369
Buildings on freehold land	214,993,503	26,201,728	-	241,195,231	5	81,481,730	6,784,763	-	-	152,928,738
Plant and machinery	1,664,893,806	197,080,509	(12,486,076)	1,849,488,239	10 & 5	663,127,729	80,229,077	-	(9,574,358)	734,282,448
Vehicles	4,254,754	2,383,000	-	6,637,754	20	2,739,250	479,337	1,149,347	-	4,367,934
Furniture and fixture	3,108,031	24,800	-	3,132,831	10	1,982,045	113,765	-	-	2,095,810
Electric installation	72,537,273	11,672,562	-	84,209,835	10	45,101,884	3,038,192	-	-	48,140,076
Tools and equipment	9,004,000	-	-	9,004,000	10	5,737,053	326,695	-	-	6,063,748
Office equipment	6,841,015	-	-	7,255,206	10	2,648,354	441,989	-	-	3,090,343
Tube well	4,271,530	-	-	4,271,530	10	474,067	379,746	-	-	853,813
	2,014,761,281	237,776,790	(12,486,076)	2,240,051,995		803,292,112	92,293,564	1,149,347	(9,574,358)	887,160,665

Leased

Vehicles	2,383,000	(2,383,000)	-	-	20	1,061,229	88,118	(1,149,347)	-	-
	2,383,000	(2,383,000)	-	-		1,061,229	88,118	(1,149,347)	-	-
2016	2,017,144,281	235,393,790	(12,486,076)	2,240,051,995		804,353,341	92,381,682	-	(9,574,358)	887,160,665

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

	2017	2016
	Rupees	Rupees
Cost of sales	94,798,926	90,997,279
Administrative expenses	1,443,638	1,384,403
	96,242,564	92,381,682

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13.3 Disposal of property, plant and equipment

Particular	Particulars of buyers	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal
----- Rupees -----						
Comber Machine	National Textile University	3,414,971	2,197,017	1,217,954	-	Donation
2017		<u>3,414,971</u>	<u>2,197,017</u>	<u>1,217,954</u>	<u>-</u>	
2016		<u>12,486,076</u>	<u>9,574,358</u>	<u>2,911,718</u>	<u>2,705,529</u>	

13.4 Capital work in progress

	Note	2017 Rupees	2016 Rupees
Opening balance		-	-
Additions during the year		6,986,707	-
Transfers to property, plant and equipment		-	-
Adjustment of advance		(141,857)	-
Closing balance	13.5	<u>6,844,850</u>	<u>-</u>

13.5 The breakup is as follows:

Plant and machinery	3,929,316	-
Advances for civil work	<u>2,915,534</u>	-
	<u>6,844,850</u>	<u>-</u>

14 Intangibles

Computer software

Cost	14.1	1,973,122	1,973,122
Less: Accumulated amortisation	14.2	<u>(1,479,839)</u>	<u>(1,085,215)</u>
		<u>493,283</u>	<u>887,907</u>
Amortization rate		<u>20%</u>	<u>20%</u>

14.1 Cost

At beginning of the year	1,973,122	1,973,122
Additions during the year	-	-
At end of the year	<u>1,973,122</u>	<u>1,973,122</u>

14.2 Accumulated amortisation

At beginning of the year	1,085,215	690,591
Amortisation for the year	<u>394,624</u>	<u>394,624</u>
At end of the year	<u>1,479,839</u>	<u>1,085,215</u>

14.3 The amortisation charge for the year has been allocated to administrative expenses as referred to in note 23.

15 Long term deposits

These mainly include security deposits with Water and Power Development Authority.

	2017 Rupees	2016 Rupees
16 Stores, spare parts and loose tools		
Stores	16,912,533	15,064,418
Spare parts and loose tools	<u>27,588,019</u>	<u>31,780,740</u>
	<u>44,500,552</u>	<u>46,845,158</u>

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		2017	2016
	Note	Rupees	Rupees
17 Stock-in-trade			
Raw material	17.1	540,623,900	568,639,671
Packing material		9,672,437	6,666,054
Work in process		14,209,275	16,380,099
Finished goods	17.2	146,044,212	47,291,449
		<u>710,549,824</u>	<u>638,977,273</u>
17.1	Raw materials amounting to Rs. 342.15 million (2016: Rs. 512 million) are pledged with lenders as security against short term borrowings as mentioned in note 9.1.		
17.2	This includes net realizable value adjustment of Rs. 2.97 million (2016: Nil)		
18 Trade debts			
	Note	2017	2016
		Rupees	Rupees
Local debtors - <i>unsecured, considered good</i>		82,034,362	63,315,127
Considered doubtful		2,711,216	857,758
		<u>84,745,578</u>	<u>64,172,885</u>
Provision for doubtful debts	23	(2,711,216)	(857,758)
		<u>82,034,362</u>	<u>63,315,127</u>
19 Advances, deposits and prepayments			
Advances to employees - <i>unsecured, considered good</i>		412,012	524,914
Advances to suppliers - <i>unsecured, considered good</i>			
- local		1,206,153	1,631,031
- foreign		5,076,466	-
Security deposits		6,000	6,000
Sales tax receivable		159,469,326	140,252,913
Advance against letters of credit		1,208,745	722,199
Margin on bank guarantees		8,996,427	7,996,427
Prepayments		1,310,935	2,149,267
		<u>177,686,064</u>	<u>153,282,751</u>
20 Cash and bank balances			
Cash in hand		767,966	1,974,821
Cash at bank:			
Current accounts		21,508,981	71,907,242
Saving account	20.1	10,159	10,109
		<u>22,287,106</u>	<u>73,892,172</u>
20.1	These carry mark-up on saving account at 3.75% to 4.75% (2016: 3% to 4%) per annum.		
21 Sales - net			
<i>Local:</i>			
Cotton yarn		2,788,026,692	2,605,510,587
Viscose yarn		34,050,931	-
Waste Sale		173,680,599	113,492,983
Raw material		6,355,194	70,571,539
<i>Export:</i>			
Cotton yarn		-	108,729,758
		<u>3,002,113,416</u>	<u>2,898,304,867</u>
Less: Sales tax		(6,306,742)	(79,723,637)
		<u>2,995,806,674</u>	<u>2,818,581,230</u>

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22 Cost of sales	Note	2017 Rupees	2016 Rupees
Raw material consumed		1,909,708,897	1,689,143,903
Salaries, wages and benefits		178,403,327	181,537,929
Power and fuel		390,119,854	360,008,259
Stores and spares consumed		46,706,267	60,489,096
Packing material consumed		51,174,071	44,103,148
Repairs and maintenance		52,643,724	41,261,457
Vehicles running and maintenance		1,361,619	1,613,514
Insurance		11,452,617	10,302,363
Staff retirement benefits		9,606,147	11,195,115
Rent, rates, taxes and telephone charges		517,802	886,590
Freight charges		314,999	562,282
Entertainment		634,334	482,295
Depreciation	13.2	94,798,926	90,997,279
Other expenses		6,788,101	13,866,118
		<u>2,754,230,685</u>	<u>2,506,449,348</u>
Work in process			
<i>At beginning of the year</i>		16,380,099	20,141,229
<i>At end of the year</i>		(14,209,275)	(16,380,099)
		<u>2,170,824</u>	<u>3,761,130</u>
Cost of goods manufactured		<u>2,756,401,509</u>	<u>2,510,210,478</u>
Finished goods			
<i>At beginning of the year</i>		47,291,449	109,519,165
<i>At end of the year</i>		(146,044,212)	(47,291,449)
		<u>(98,752,763)</u>	<u>62,227,716</u>
Cost of sales - purchased products		<u>5,734,862</u>	<u>69,955,931</u>
		<u>2,663,383,608</u>	<u>2,642,394,125</u>
23 Administrative expenses			
Salaries and other benefits		16,798,937	14,763,054
Traveling expenses		52,765	79,034
Telephone, postage and telegrams		124,427	155,406
Rent, rates and taxes		1,653,795	1,688,335
Power and fuel		856,249	942,689
Printing and stationery		301,355	323,963
Entertainment		284,448	229,971
Insurance		48,984	138,280
Repairs and maintenance		391,040	683,567
Legal and professional charges		1,066,660	1,053,335
Auditors' remuneration	23.1	250,000	250,000
Vehicle running and maintenance		733,969	1,140,973
Charity and donation	23.2	6,684,163	4,075,000
Subscription fees		178,459	168,139
Staff retirement benefits		520,991	559,957
Provision for doubtful debts	18	1,853,458	857,758
Depreciation	13.2	1,443,638	1,384,403
Amortisation	14.2	394,624	394,624
Other expenses		1,028,082	334,478
		<u>34,666,044</u>	<u>29,222,966</u>

		2017 Rupees	2016 Rupees
23.1 Auditors' remuneration			
Audit fee		200,000	200,000
Out of pocket expense		50,000	50,000
		<u>250,000</u>	<u>250,000</u>
23.2	These donations were given to National Textile University Faisalabad and Chaudhary Nasrullah Family Trust (the Trust). Mr. Tariq Mehmood, Mr. Javed Nasrullah and Mr. Raza Nasrullah, Directors of the Company, are on the Board of the Trust. Head office of the Trust is situated at 29-Shadman II, Lahore, Pakistan.		
		2017 Rupees	2016 Rupees
24 Distribution cost	<i>Note</i>		
Freight and other expenses - <i>export</i>			
Ocean freight		-	686,503
Others		-	10,218,598
		-	10,905,101
Salaries and other benefits		301,571	272,530
Freight and other expenses - local		3,921,641	4,421,144
Commission on yarn sales - local		16,652,838	16,144,235
Loading and other expenses		5,222,230	4,712,566
		<u>26,098,280</u>	<u>36,455,576</u>
25 Other expenses			
Workers' Profit Participation Fund	<i>10.1</i>	10,910,849	2,287,764
Workers' Welfare Fund		4,468,359	869,350
Loss on disposal of property, plant and equipment		-	206,189
Loss of stock due to fire		-	27,743,872
Exchange loss		-	40,996
		<u>15,379,208</u>	<u>31,148,171</u>
26 Other income			
<i>From financial assets:</i>			
Profit on bank deposits		208	343
Insurance claim against yarn theft		6,051,432	-
Insurance claim against loss of stock due to fire		-	28,476,000
<i>From non-financial assets:</i>			
Income on sale of scrap		264,464	257,916
		<u>6,316,104</u>	<u>28,734,259</u>
27 Finance cost			
Interest and mark-up on			
- Long term financing - <i>secured</i>		22,218,489	26,981,725
- Finance lease		-	11,354
- Short term borrowings - <i>secured</i>		34,240,915	35,657,957
Commission on letter of credit		2,477,139	2,312,444
Interest on Workers' Profit Participation Fund	<i>10.1</i>	148,360	144,770
Commission on bank guarantees		343,688	83,135
Bank charges		329,276	305,092
		<u>59,757,867</u>	<u>65,496,477</u>

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28 Taxation	2017 Rupees	2016 Rupees
Current		
- for the year	63,541,983	8,477,762
- prior	94,414	815,775
	<u>63,636,397</u>	<u>9,293,537</u>
Deferred - for the year	13,401,953	25,255,941
	<u>77,038,350</u>	<u>34,549,478</u>

28.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2017 Rupees	2016 Rupees
Profit before taxation	<u>202,837,771</u>	<u>42,598,174</u>

----- (Percentage) -----

Applicable tax rate as per Income Tax Ordinance, 2001	31%	32%
-------------------------------------------------------	-----	-----

	2017 Rupees	2016 Rupees
Tax effect of:	62,879,709	13,631,416
- income under Final Tax Regime	-	1,087,298
- change in proportion of local and export sales	15,683,578	12,651,598
- prior year adjustment in current tax	94,414	815,775
- tax credits	(4,362,616)	(19,708,051)
- effect of minimum tax over tax under Normal Tax Regime	-	27,098,515
- effect of permanent difference on donations	2,072,091	-
- others	671,174	(1,027,073)
	<u>14,158,641</u>	<u>20,918,062</u>
	<u>77,038,350</u>	<u>34,549,478</u>

29 Transactions with related parties

The Company is a subsidiary of Pak Kuwait Textiles Limited and accordingly all the associated undertakings of Pak Kuwait Textiles Limited are the related parties of the Company. Further, related parties include entities over which directors are able to exercise influence, directors and key management personnel. Transactions with related parties are as follows:

Related parties	Nature of transactions	2017 Rupees	2016 Rupees
UnigoHar Homes (Private) Limited - Associated undertaking	Rent	1,584,000	1,584,000
Pak Kuwait Textiles Limited - Parent Company	Reimbursements	2,487,499	1,940,829
Key management personnel	Remuneration	11,013,273	9,474,344
Chaudary Nasrullah Family Trust - Associated undertaking	Donations	4,997,000	4,075,000

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30 Financial Instruments

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

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.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees policies for managing each of these risks.

30.1 Credit risk and concentration of 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. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

30.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2017 Rupees	2016 Rupees
Trade debts - <i>unsecured, considered good</i>	82,034,362	63,315,127
Deposits and other receivables	21,320,599	12,011,868
Margin account with a banking company	8,996,427	7,996,427
Bank balances	21,519,140	71,917,351
	<u>133,870,528</u>	<u>155,240,773</u>

30.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2017 Rupees	2016 Rupees
Customers	82,034,362	63,315,127
Banking companies and financial institutions	30,515,567	79,913,778
Others	21,320,599	12,011,868
	<u>133,870,528</u>	<u>155,240,773</u>

30.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

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30.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Banks	Rating		Rating Agency	2017	2016
	Short term	Long term		Rupees	Rupees
National Bank of Pakistan	A1+	AAA	PACRA	957,846	4,081,849
Faysal Bank Limited	A1+	AA	PACRA	8,996,453	13,156,679
Faysal Bank Barkat Islamic Banking	A1+	AA	PACRA	62,800	257,990
Habib Bank Limited	A-1+	AAA	JCR-VIS	2,556,680	13,133,468
Bank Alfalah Limited	A1+	AA+	PACRA	369	369
Bank Alfalah Limited Islamic Banking	A1+	AA+	PACRA	1,091,811	7,952,900
Meezan Bank Limited	A-1+	AA	JCR-VIS	4,557,258	19,849,999
United Bank Limited	A-1+	AAA	JCR-VIS	5,509	5,544
MCB Bank Limited	A1+	AAA	PACRA	1,868,594	555,955
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,904,965	6,894,791
Bank Al Habib Limited	A1+	AA+	PACRA	4,465,874	12,005,110
Bank of Punjab	A1+	AA	PACRA	1,118,181	1,854,148
Askari Bank Limited	A1+	AA+	JCR-VIS	1,929,227	164,976
				<u>30,515,567</u>	<u>79,913,778</u>

30.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to local and foreign trade debts against sale of yarn. The analysis of ages of trade debts of the Company as at the reporting date is as follows

	2017	2016
	Rupees	Rupees
The aging of trade receivable at the reporting date is:		
Past due 1-30 days	62,303,504	55,191,755
Past due 31-180 days	16,563,369	6,561,029
Past due 181 days -365 days	3,161,361	1,425,435
Past due 366 & above	2,717,344	994,666
	<u>84,745,578</u>	<u>64,172,885</u>

As at year end, trade debts do not include any balance receivable from related parties (2016: Nil).

30.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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30.2.1 Exposure to liquidity risk

30.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	2017				
	Carrying amount	Contractual cash flows	Between 1 to 5 years		
			Less than 1 year	years	Above 5 years
(Rupees)					
<u>Non-derivative financial liabilities</u>					
Long term financing - secured	242,607,924	272,859,525	122,024,441	150,835,084	-
Trade and other payables	126,546,141	126,546,141	126,546,141	-	-
Mark-up accrued on borrowings	10,621,122	10,621,122	10,621,122	-	-
Short term borrowings - secured	380,651,184	380,651,184	380,651,184	-	-
	<u>760,426,371</u>	<u>790,677,972</u>	<u>639,842,888</u>	<u>150,835,084</u>	<u>-</u>
2016					
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
(Rupees)					
<u>Non-derivative financial liabilities</u>					
Long term financing - secured	358,018,822	414,285,037	138,220,976	276,064,061	-
Trade and other payables	116,734,231	116,734,231	116,734,231	-	-
Mark-up accrued on borrowings	15,192,037	15,192,037	15,192,037	-	-
Short term borrowings - secured	471,885,185	471,885,185	471,885,185	-	-
	<u>961,830,275</u>	<u>1,018,096,490</u>	<u>742,032,429</u>	<u>276,064,061</u>	<u>-</u>

30.3 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 income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. The Company is not exposed to market risk.

30.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts. The Company's exposure to foreign currency risk for US Dollars is as follows:

30.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows. The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the balance sheet date.

	2017		2016	
	USD	Rupees	USD	Rupees
Foreign creditors	1,621	170,129	23,493	2,457,318
Foreign debtors	-	-	-	-
Net exposure	<u>1,621</u>	<u>170,129</u>	<u>23,493</u>	<u>2,457,318</u>

30.3.1(b) Exchange rates applied during the year

	Average rate		Reporting date rate	
	2017	2016	2017	2016
The following significant exchange rate has been applied:	Rupees	Rupees	Rupees	Rupees
USD to PKR	104.78	103.10	104.95	104.60

Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected profit and loss by the amounts shown below at the balance sheet. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2017	2016
<u>Effect on profit or loss</u>	Rupees	Rupees
US Dollars	<u>17,013</u>	<u>245,732</u>

The strengthening of the PKR against US Dollar would have had an equal but opposite impact on the pre tax (loss)/profit.

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The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

30.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Carrying amount	
	2017 Rupees	2016 Rupees
<u>Variable rate instruments:</u>		
<i>Financial liabilities</i>		
Long term loans - secured	242,607,924	358,018,822
Short term borrowing - secured	380,651,184	471,885,185
	623,259,108	829,904,007
<i>Financial assets</i>		
Saving bank accounts	(10,159)	(10,109)
	<u>623,248,949</u>	<u>829,893,898</u>

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

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	Profit before taxation 100 bps	
	Increase Rupees	Decrease Rupees
<u>As at 30 June 2017</u>		
Cash flow sensitivity-Variable rate financial liabilities	(6,232,489)	6,232,489
<u>As at 30 June 2016</u>		
Cash flow sensitivity-Variable rate financial liabilities	(8,298,939)	8,298,939

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

30.4 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) To provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

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30.5 Financial instruments-fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

30.5.1

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 fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' 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 that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

	Carrying Amount		Fair Value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-Balance sheet financial instruments						
30 June 2017						
Financial assets measured at fair value						
<i>Financial assets not measured at fair value</i>						
Cash and bank balances	22,287,106	-	22,287,106	-	-	-
Deposits and other receivables	21,320,599	-	21,320,599	-	-	-
Margin account with a banking company	8,996,427	-	8,996,427	-	-	-
Trade debts - unsecured, considered good	82,034,362	-	82,034,362	-	-	-
	134,638,494	-	134,638,494	-	-	-
30.5.1.1						
Financial liabilities measured at fair value						
<i>Financial liabilities not measured at fair value</i>						
Long term financing - secured	-	242,607,924	242,607,924	-	-	-
Trade and other payables	-	126,546,141	126,546,141	-	-	-
Short term borrowings - secured	-	380,651,184	380,651,184	-	-	-
Mark-up accrued on borrowings	-	10,621,122	10,621,122	-	-	-
	-	760,426,371	760,426,371	-	-	-
30.5.1.1						

BUDM

	Carrying Amount		Fair Value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	-	-	-	-	-	-
	-	-	-	-	-	-
	73,892,172	-	73,892,172	-	-	-
	12,011,868	-	12,011,868	-	-	-
	7,996,427	-	7,996,427	-	-	-
	63,315,127	-	63,315,127	-	-	-
	157,215,594	-	157,215,594	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	358,018,822	358,018,822	-	-	-
	-	116,734,231	116,734,231	-	-	-
	-	471,885,185	471,885,185	-	-	-
	-	15,192,037	15,192,037	-	-	-
	-	961,830,275	961,830,275	-	-	-

Note

On-Balance sheet financial instruments

30 June 2016

Financial assets measured at fair value

Financial assets not measured at fair value

Cash and bank balances
Deposits and other receivables
Margin account with a banking company
Trade debts - unsecured, considered good

Financial liabilities measured at fair value

Financial liabilities not measured at fair value

Long term financing - secured
Trade and other payables
Short term borrowings - secured
Mark-up accrued on borrowings

30.5.1.1

30.5.1.1 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

MSA

31 Remuneration of key management personnel

The aggregate amounts charged in the financial statements for the remuneration, including all benefits, to the Executive Director and executives of the Company were as follows:

	Executive Director		Executives	
	2017	2016	2017	2016
	----- (Rupees) -----			
Managerial remunerations	2,520,000	2,240,000	6,678,024	5,630,800
Retirement benefits	165,000	146,667	437,252	368,683
Utilities	180,000	160,000	477,000	402,200
Leave Encashment	133,333	116,667	174,167	202,833
Medical expenses	200,250	149,986	48,247	56,508
	<u>3,198,583</u>	<u>2,813,320</u>	<u>7,814,690</u>	<u>6,661,024</u>
Number of persons	<u>1</u>	<u>1</u>	<u>7</u>	<u>7</u>

31.1 No remuneration or any other benefits are being paid to the Chief Executive Officer of the Company (2016: Nil).

31.2 The total and average number of employees during the year and as at 30 June are as follows:

	2017	2016
	(Number of persons)	
- As at 30 June	<u>641</u>	<u>665</u>
- Average number of employees	<u>637</u>	<u>717</u>

32 Plant capacity and actual production

<u>Spinning</u>	Unit	2017	2016
Number of spindles installed	No.	45,408	45,408
Plant capacity on the basis of utilization converted into 20s count	Kgs	18,155,492	18,155,492
Actual production converted into 20s count	Kgs	21,077,117	16,191,037

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

33 Date of authorization for issue

These financial statements were authorized for issue on 09 OCT 2017 by the Directors of the Company.

Lahore


Chief Executive


Director

Name of Company

AL NASR TEXTILES LTD.

Pattern of Holdings of the Shares held by the Shareholders of

AL NASR TEXTILES LTD.

as at 30 th June , 2017

No. of shareholders	Shareholding		Total Shares held
	From	To	
2	00001	10,000	9,092
7	10,001	50,000	299,103
1	50,001	100,000	99,515
3	100,001	300,000	673,290
1	30,000,001	35,000,000	33,119,000
14	TOTAL :-		34,200,000

Categories of Shareholders	No of Shareholders	Shares Held	Percentage
Individuals	14	1,081,000	3.16%
Holding co.	1	33,119,000	96.84%
TOTAL :-	15	34,200,000	100.00%

Al Nasr Textiles Limited
Meeting Schedule for the Year ended 30th June, 2017

Director Name	Quarter - 1	Quarter - 2	Quarter - 3	Quarter - 4	Total Meetings Attended
Mr. Tariq Mehmood	✓	✓	✓	✓	4
Mr. Javed Nasrullah	✗	✗	✓	✓	2
Mr. Mahmood Raza Kazmi	✓	✓	-	-	2
Mr. Raza Nasrullah	✗	✗	✓	✓	2

Note:

Mr. Mahmood Raza Kazmi resigned dated 30th March, 2017.

Mr. Raza Nasrullah elected dated 30th March, 2017.