30th ANNUAL REPORT 2016

BILAL
FIBRES LIMITED

MOODY
INTERNATIONAL CERTIFICATION
ISO 9001: 2000
APPROVED

PNAC
Pakistan National Accreditation Council
CERTIFICATE NO. 9910765

UKAS
QUALITY MANAGEMENT
Registration Numbeer
014

Manufacturers & Exporters of
"CHAMPION" and "CAPTAIN" Brand Yarn

بسم الله الرحمن الرحيم

ANNUAL REPORT

2016

CONTENTS

COMPANY INFORMATION

Chairman / Chief Executive	Mr. Naeem Omer
Directors	Mr. Naeem Omer Mr. Anwaar Abbass Mr. Muhammad Sarwar Mr. Muhammad Zubair Mr. Muhammad Asghar Mr. Irfan Hussain Mr. Osama Saeed
Audit committee	
Chairman:	Mr. Osama Saeed
Member:	Mr. Anwaar Abbass
Member:	Mr. Muhammad Zubair
Human Resource & Remuneration committee	
Chairman:	Mr. Anwaar Abbass
Member:	Mr. Muhammad. Sarwar
Member:	Mr. Irfan Hussain
Company Secretary	Mr. Muhammad Ijaz Shahid
Auditors	M/s Mushtaq and Company Chartered Accountants 406-407 Commerce Centre, Hasrat Mohani Road, Karachi.
Bankers	The Bank of Punjab NIB Bank Limited Silk Bank Limited
Share Registrar	M/s Corplink (Pvt.) Ltd. Wings Arcade, 1-K, Commercial, Model Town, Lahore. Phone: 0423-591-6714, 35916719 Fax: 0423 -5869037
Legal Advisor	Syed Waqar Hussain Naqvi 2nd Floor, Nawa-e-Waqt Building, 4 Shahrah-e-Fatima Jinnah Road, Lahore. Tel: 042-36360624-5
Head office/ Registered office	112-B, Block E/1, Ghalib Road, Gulberg III, Lahore. Telephone: 0423-5717701-6 Fax No. 0423-5717707 Email: info@bilalfibres.com Web site: www.bilalfibres.com
Mills	38th KM, Shiekhupura Road, Tehsil Jaranwala, District Faisalabad. Telephone: 041-4689075, 4689076 Fax No. 042-4689279 Email: mills@bilalfibres.com Email: bilalfib@fsd.comsats.net.pk

NOTICE OF ANNUAL GENERAL MEETINNG

Notice is hereby given to all share holders of BILAL FIBRES LIMITED that the 30th ANNUAL GENERAL MEETING of the Company will be held at the registered office of the company, 112-B, Block-E/1, Ghalib Road, Gulberg III, Lahore on 31st of October 2016 (Monday) at 10:00 A.M, to transact the following business:

1. To confirm the Minutes of last Annual General Meeting of the Company held on 31st of October 2015.

2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30th June 2016 together with the Directors' and Auditors' reports thereon.

3. To appoint auditors and fix their remuneration for the next year ending on June 30, 2017.

4. To transact any other business with the permission of the chair.

By order of the Board

Lahore.
Dated: 7th October 2016

(Muhammad Ijaz Shahid)
Company Secretary

NOTES:

1) The share transfer books of the company will remain closed from 24th October 2016 to 31st October 2016 (both days inclusive).

2)

a) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the time for holding the meeting. A proxy must be a member of the company.

b) For identification, CDC Account holders who wish to attend the Annual General Meeting are requested to please bring with them original/attested copy of their Computerized National Identity Card along with the participants I.D number and their account numbers in Central Depository Company of Pakistan to facilitate identification at Annual General Meeting. In case of proxy, an attested copy proxy's Identity card, Accounts & participants I.D numbers be enclosed. In case of corporate entity, the BOD, resolution/ Power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).

c) Shareholders are requested to notify any change in their addresses, if any, immediately.

CORPORATE VISION / MISSION STATEMENT

VISION

To be a customer oriented company having wide & diversified customer base with a team of professionals working together to add value to all the stakeholders and contributing to society to help build a strong and progressive Pakistan.

MISSION

To be a distinctive yarn seller with international presence delivering best quality yarn through innovative techniques and effective resource management by maintaining high ethical and professional standards.

To accomplish excellent financial results which can benefit all the stakeholders including members and employees of the company.

To fulfill obligations toward the society, being a good corporate citizen.

DIRECTORS' REPORT

Dear Shareholders

The Directors of the Company welcome you to the 30th Annual General Meeting and are pleased to present the annual report together with Audited Accounts of the Company for the financial year ended June 30, 2016.

FINANCIAL PERFORMANCE

During the financial year under review, the sales of the company has decreased from Rs.1,638.364 million to Rs.1,067.924 million mainly due to decrease in yarn prices. The Company has suffered after tax loss of Rs.152.123 million in the current period as compared to after tax loss of Rs.126.493 million in the previous year.

The profitability of the Company has been affected mainly due to squeezed gap between sales price and cost of raw materials, decline in demand of yarn in export market, shortage & high cost of energy. Due to energy and marketing crises and high input costs the mills has temporarily suspended its production process since 16th June 2016.

The directors have injected equity for Rs.32.080 million in the current year for the smooth operations of the company. The company has invested Rs.15.493 million in the plant & machinery to enhance the profitability and liquidity of the Company and to improve quality of yarn as well.

The financial results are summarized hereunder: -

	YEAR			
	2016		2015	
	Rs. in Million	%age to sales	Rs. in Million	%age to sales
Sales	1,067.924	-	1,638.364	-
Gross Loss	(154.876)	(14.50)	(69.913)	(4.27)
Finance Cost	24.164	2.26	55.966	3.42
Net pre-tax Loss	(212.901)	(19.94)	(171.831)	(10.49)
Net Loss	(152.123)	(14.24)	(126.493)	(7.72)
Earning per share (Rs.)	(10.79)	-	(8.97)	-

OPERATING PERFORMANCE

The factory remained operational throughout the year and worked on 3 shifts basis, except during shutdown of gas/electricity till the mills temporarily suspended its production process in June 2016. The total yarn produced during the year is 5.748 Million Kgs (2015 - 7.149 million kgs.). The 20 single yarn converted production worked out for the year is 9.681 Million Kgs (2015 - 10.763 Million kgs).

The Company is not paying the installments of long term financing from banking companies (The Bank of Punjab) and liabilities against assets subject to finance lease (The Bank of Punjab) for Rs.72.927 million and Rs.18.411 million respectively as the case is pending in Lahore High Court.

The management & staff are working very hard and quite optimistic that with the efforts, self commitment and above all with blessing of Allah (SWT) the company will overcome these problems soon.

FUTURE PROSPECTS

The energy crises in the country are still unresolved. The Company has been suffering production losses due to scheduled / unscheduled load shedding of electricity and gas in this year. Due to unavailability of continuous supply of energy, full capacity utilization of resources is not possible and this uncertain situation has restrained the industry to make any future planning. The management of the company is continuously making effort in order to improve the profitability of the company and has added one Simplex Fly Frame and three Drawing Frames during the year.

The company is planning to produce high quality yarn with addition of this machinery and is trying to avail suppliers' credit for raw material to continue operations of the mills.

AUDITORS' REPORT

The auditors have drawn attention to following areas in their report:

a) As explained in note 32.1, the company has not accounted for the finance cost for the year amounting to Rs. 11.131 million, Rs.5.475 million and Rs. 1.257 million on long term financing, liabilities against assets subject to finance lease and on short term borrowings respectively. Had the company accounted for the finance cost, loss for the year would have been higher by Rs. 17.863 million, accrued markup would have been higher by Rs. 17.863 million, and accumulated loss would have been higher by Rs. 17.863 million.

b) Without further qualifying our opinion, we draw attention to note 1.2 in the financial statements which indicates that the company incurred a net loss of Rupees 152,123,035 during the year ended June 30, 2016 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 434,580,675. These conditions, along with other matters as explained in note 1.2 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.

The finance cost relates to those banks which have gone into litigation against the company for recovery of outstanding amounts which is pending in the courts since a number of years as fully explained in financial statements. The company shall book relevant finance or other costs once the cases are settled and repayment plan is finalized.

Reasons for loss are that the gap between sales price and cost raw material due to volatile price changes in raw materials cost, energy schedule / un-schedule load shedding, un- availability of export orders. Management is taking steps to reduce the production cost and improving its production quality. The Directors have injected Rs.32.080 million as loan in the current year for the smooth operations of the company and willing to inject more loans if needed.

CODE OF CORPORATE GOVERNANCE:
The auditors have drawn attention to following areas in their report:

Appropriate arrangements for orientation courses for the directors have not been carried out as required by clause 5.19.7 of code.

Regarding Director training program as required by clause 5.19.7 CCG, the Company is taking measures to get its director registered with Director training program in accordance with the requirements of the Code of Corporate Governance in the following year.

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

BOOKS OF ACCOUTNS
The company has maintained proper books of accounts.

ACCOUNTING POLICIES
Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.

INTERNATIONAL ACCOUNTING STANDARDS (IAS)
International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements.

ACCOUNTING YEAR
The accounting year of the company is from 1st July to 30th June.

AUDIT COMIMITTEE
The board of directors in compliance to the code of corporate governance has established an audit committee and the following one independent director and two non-executive directors are its member.

Mr. Osama Saeed	Chairman
Mr. Anwar Abbas	Member
Mr. Muhammad Zubair	Member

HUMAN RESOURCE AND REMUNERATION COMIMITTEE
The board of directors in compliance to the code of corporate governance has established human resource and remuneration committee and the following one independent director and two non-executive directors are its member.

Mr. Anwar Abbas	Chairman
Mr. Muhammad Sarwar	Member
Mr. Irfan Hussain	Member

DIVIDEND
Due to Accumulated losses of the company, directors do not recommend any dividend for the year ended 30th June 2016.

AUDITORS
The present Auditors M/s Mushtaq & Co., Chartered Accountants, being due for retirement has offered themselves for reappointment for the next year ending June 30, 2017.

CORPORATE & FINANCIAL REPORTING FRAME WORK

In compliance to new listing regulations of stock exchanges & as required under the Companies Ordinance 1984, your directors are pleased to state as under: -

a) The system of internal control is sound in design and has been effectively implemented and monitored.
b) Board is satisfied with the Company's ability to continue as a going concern.
c) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of the Stock Exchanges.
d) Significant deviations from last year operating results of the Company and reasons thereof have been explained.
e) There are no statutory payments on account of taxes, duties, levies and charges those are outstanding as on June 30, 2016 except for those disclosed in the financial statements.
f) There are no significant plans for corporate restructuring, business expansions and discontinuation of operations except for improvement in the normal business activities to increase the business.
g) Key operating and financial data for the last six years in summarized form is included in this annual report.
h) Statement showing "Pattern of shareholding" as on 30-06-2016 is also enclosed herewith.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

Corporate Social Responsibility (CSR) is about business giving back to society. As a routine, we strive to safeguard the health and well being of our employees, neighbors and customers, as well as the communities in which we live, work and operate. The Company continuously takes initiatives for CSR activities as mentioned in paragraphs to follow.

Society

We strive to contribute to society's welfare through providing educational opportunities and employment.

Employment Initiatives

With respect to our employment opportunities, there are more than 847 employees who are directly serving to the Company and earning the livelihood of their families.

Safety and Health

Safety is a fundamental component in all our operations. We strict our workers to follow the safety as specified.

Employee Welfare

Company has provided employees Medical Services such as medical insurance to employees and their families. Group life insurance is also given to staff, workers. Fair Price Shop at mill offers our workers basic necessity food and related items at affordable prices. It operates on a "No Profit" basis while certain products are available to workers at subsidized prices.

Training

Bilal Fibres gives training to students who want to complete their internships, we also provide necessary apprenticeship to industrial diploma holders in our production departments.

ACKNOWLEDGEMENT

The Directors would like to express their profound appreciation for continued /devoted services and hard work rendered by the company's executives, staff and workers. The Directors are also thankful and wish to place on record their deep gratitude to the bankers of our company.

DIRECTORS' MEETINGS

During the year 08 meetings of the Board of Directors were held. Attendance by each director is as follows:

Name of Director	Number of Meetings attended
Mr. Naeem Omer	08
Mr. Anwar Abbass	07
Mr. Muhammad Irfan	08
Mr. Muhammad Zubair	08
Mr. Muhammad Asghar	07
Mr. Osama Saeed	08
Mr. Muhammad Sarwar	08

For and on behalf of the Board of Directors

Lahore
Dated: 7th October, 2016

(Naeem Omer)
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.24 of the Rule Book of listing regulations of Pakistan Stock Exchange Ltd. 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	Name
Independent Director	Mr. Irfan Hussain Mr. Osama Saeed
Executive Director	Mr. Naeem Omer
Non-Executive Directors	Mr. Anwar Abbas Mr. Muhammad Zubair Mr. Muhammad Sarwar Mr. Muhammad Asghar

The independent directors meets the criteria of independence 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 Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred & filled up in the board of directors of the company during the year.

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

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

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

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

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

10. There was no new appointment of CFO, Company Secretary and Head of Internal Audit during the year.

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 members, of whom two are non-executive directors and the chairman of the committee is an Independent director.

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 members, of whom two are non-executive directors and one is independent director, 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. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion of names of persons from the said list.

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

For and on behalf of the Board of Directors

(NAEEM OMER)
Chairman/CEO
N.I.C No.33100-0571105-5

Lahore
Dated: 7th October, 2016

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS
407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
Branch Office: 20-B, Block-G, Gulberg-III, Lahore. Tel: 35884926 Fax: 35843360
Email Address: mushtaq_vohra@hotmail.com

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 **Bilal Fibres Limited "the Company"** for the year ended June 30, 2016 to comply with the Code contained in regulation No. 5.19 of the Rule book of Pakistan Stock Exchange Limited.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

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

Paragraph Reference	Description
9	Appropriate arrangements for orientation courses for the directors have not been carried out as required by clause 5.19.7 of code.

Lahore:

Dated: 7th October, 2016

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid, ACA

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS
407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
Branch Office: 20-B, Block-G, Gulberg-III, Lahore. Tel: 35884926 Fax: 35843360
Email Address: mushtaq_vohra@hotmail.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Bilal Fibres Limited ("the Company")** as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

(a) As explained in note 32.1 company has not accounted for finance cost for the year amounting to Rs. 11.131 million, Rs. 5.475 million and Rs. 1.257 million on long term financing, liabilities against assets subject to finance lease and on short term borrowings respectively. Had the company accounted for the finance cost, loss for the year would have been higher by Rs. 17.863 million, accrued markup would have been higher by Rs. 17.863 million, and accumulated loss would have been higher by Rs. 17.863 million.

(b) in our opinion, except for the matter referred in paragraph (a), proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(c) in our opinion;

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

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

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

(d) in our opinion and to the best of our information and according to the explanations given to us, in our opinion, except for the matter referred in paragraph (a), the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, comprehensive income, 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)

(f) Without further qualifying our opinion, we draw attention to note 1.2 in the financial statements which indicates that the company incurred a net loss of Rupees 152,123,035 during the year ended June 30, 2016 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 434,580,675. These conditions, along with other matters as explained in note 1.2 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.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid, ACA

Lahore:

Dated: 7th October, 2016

KEY OPERATING AND FINANCIAL DATA FOR LAST SIX YEARS

PARTICULARS	Year Ended 30th June					
	2016	2015	2014	2013	2012	2011
ASSETS EMPLOYED						
Property, plant and equipment	1,024.439	1,065.256	1,044.195	1,054.930	876.684	879.203
Long term deposits	3.389	3.609	3.601	3.601	3.594	3.594
Current assets	222.578	254.202	303.972	290.650	297.678	287.997
Total assets employed	1,250.406	1,323.066	1,351.769	1,349.182	1,177.956	1,170.794
FINANCED BY						
Shareholders' equity	(230.115)	(94.302)	19.956	(69.983)	(137.552)	(101.669)
Surplus on revaluation of fixed assets	307.846	319.215	323.212	332.625	228.606	237.230
Loan from directors/sponsors	91.744	63.705	40.633	52.500	52.500	52.500
	169.475	288.618	383.802	315.142	143.554	188.061
Deferred Income	4.857	9.713	14.570	19.426	24.283	29.139
Long term liabilities	390.853	435.749	464.981	549.656	493.630	490.866
Deferred tax liability	14.117	72.973	127.231	129.339	57.544	76.259
Other deferred liabilities	13.946	16.601	19.236	22.455	20.242	8.996
	28.064	89.574	146.467	151.793	77.786	85.255
Current Liabilities	657.158	499.412	341.949	313.164	438.703	377.473
Toal funds invested	1,250.406	1,323.066	1,351.769	1,349.182	1,177.956	1,170.794
PROFIT & LOSS						
Turnover (net)	1,067.924	1,638.364	2,042.478	1,823.174	1,634.807	1,930.499
Gross (Loss)/profit	(154.876)	(69.913)	106.109	136.468	79.496	140.924
Operating (Loss)/profit	(188.737)	(115.865)	62.156	156.287	36.582	96.921
Finance cost	24.164	55.966	58.645	55.182	64.848	73.295
(Loss)/Pofit before taxation	(212.901)	(171.831)	3.511	101.105	(28.266)	23.625
(Loss)/Profit after taxation	(152.123)	(126.493)	(16.275)	62.816	(34.950)	(17.960)
Earnings per share (Rs.)	(10.79)	(8.97)	(1.15)	4.46	(2.48)	(1.27)
Number of spindle installed	29,016	29,016	29,016	29,016	29,016	29,016
Number of spindle worked	29,016	29,016	29,016	29,016	29,016	29,016
Number of shifts per day	3	3	3	3	3	3
Actual production converted into 20's count (Kgs in million)	9.681	10.763	11.356	10.308	11.262	12.050

BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	5	1,024,439,370	1,065,255,729
Long term deposits	6	3,388,820	3,608,820
		1,027,828,190	1,068,864,549
CURRENT ASSETS			
Stores, spare parts and loose tools	7	11,279,963	10,787,876
Stock in trade	8	140,923,539	150,961,044
Trade debts	9	19,873,453	35,657,187
Loans and advances	10	17,089,036	25,170,076
Trade deposits and short term prepayments	11	5,350,512	5,717,347
Other receivables	12	509,094	509,094
Tax refunds due from Government	13	27,140,300	19,555,188
Cash and bank balances	14	411,768	5,843,916
		222,577,666	254,201,728
		1,250,405,856	1,323,066,277
SHARE CAPITAL AND RESERVES			
Authorized capital			
15,000,000 (2015: 15,000,000) ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid up capital			
14,100,000 (2015: 14,100,000) ordinary shares of Rs. 10 each fully paid in cash	15	141,000,000	141,000,000
Accumulated loss		(371,114,782)	(235,302,161)
		(230,114,782)	(94,302,161)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax	16	307,845,653	319,215,038
DEFERRED INCOME	17	4,856,520	9,713,044
NON - CURRENT LIABILITIES			
Long term financing from banking companies	18	307,646,270	345,853,998
Long term financing from directors and associates	19	91,743,855	63,704,878
Liabilities against assets subject to finance lease	20	83,206,331	89,895,331
Deferred liabilities	21	28,063,669	89,574,013
		510,660,125	589,028,220
CURRENT LIABILITIES			
Trade and other payables	22	251,060,197	131,032,299
Accrued interest / mark up	23	97,520,034	94,351,967
Short term borrowings	24	144,105,534	153,911,676
Current portion of:			
Long term financing from banking companies	18	139,372,576	101,705,195
Liabilities against assets subject to finance lease	20	25,100,000	18,411,000
		657,158,341	499,412,137
Contingencies and commitments	25		
		1,250,405,856	1,323,066,277

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

CHIEF EXECUTIVE DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales	**26**	1,067,924,088	1,638,363,952
Cost of sales	**27**	(1,222,800,142)	(1,708,276,608)
Gross loss		(154,876,054)	(69,912,656)
Other operating income	**28**	16,575,615	17,800,955
Distribution cost	**29**	(18,142,600)	(19,847,430)
Administrative expenses	**30**	(32,252,479)	(42,731,504)
Other operating expenses	**31**	(41,594)	(1,174,139)
Finance cost	**32**	(24,164,075)	(55,965,774)
Loss before taxation		(212,901,188)	(171,830,548)
Provision for taxation	**33**	60,778,153	45,337,340
Loss for the year		(152,123,035)	(126,493,208)
Loss per share - basic and diluted	**34**	(10.79)	(8.97)

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

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid up capital	Accumulated loss	Total
	---------- Rupees ----------		
Balance as at June 30, 2014 - restated	141,000,000	(121,043,726)	19,956,274
Surplus realized on disposal of property, plant and equipment - net of deferred tax	-	2,201,540	2,201,540
Incremental depreciation on revalued assets for the year - net of deferred tax	-	11,474,292	11,474,292
Total comprehensive loss for the year	-	(127,934,267)	(127,934,267)
Balance as at June 30, 2015	141,000,000	(235,302,161)	(94,302,161)
Surplus realized on disposal of property, plant and equipment - net of deferred tax	-	-	-
Incremental depreciation on revalued assets for the year - net of deferred tax	-	11,369,384	11,369,384
Total comprehensive loss for the year	-	(147,182,006)	(147,182,006)
Balance as at June 30, 2016	141,000,000	(371,114,782)	(230,114,782)

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

CHIEF EXECUTIVE DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Loss for the year		(152,123,035)	(126,493,208)
Other comprehensive income for the year			
Item that will not be reclassified to profit and loss account:			
Remeasurement of staff retirement benefits		6,863,017	(1,995,705)
Deferred tax on remeasurement of staff retirement benefits		(1,921,988)	554,646
Total other comprehensive income/(loss) - net of tax		4,941,029	(1,441,059)
Total comprehensive loss for the year		(147,182,006)	(127,934,267)

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

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(212,901,188)	(171,830,548)
Adjustments for:			
Depreciation on property, plant and equipment		49,015,637	51,647,698
Notional income on interest free loans		(11,719,091)	(12,944,431)
Provision for staff retirement benefits - gratuity		4,208,837	4,784,015
Loss on disposal of property, plant and equipment		41,594	1,174,139
Gain on disposal of property, plant and equipment		-	-
Finance cost		24,164,075	55,965,774
Amortization of deferred income		(4,856,524)	(4,856,524)
Operating cash flows before working capital changes		(152,046,659)	(76,059,877)
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(492,087)	2,020,993
Stock in trade		10,037,505	(1,293,117)
Trade debts		15,783,734	15,350,556
Loans and advances		8,081,040	(4,694,991)
Trade deposits and short term prepayments		366,835	20,271,727
Other receivables		-	-
Tax refunds due from Government		(1,577,312)	6,400,702
Increase in trade and other payables		120,027,899	62,559,020
		152,227,613	100,614,890
Cash generated from operations		180,954	24,555,013
Payments for :			
Finance cost		(6,653,287)	(15,173,262)
Taxation		(6,007,801)	(9,959,311)
Staff retirement benefits - gratuity		-	(9,415,400)
Net cash (used in) / generated from operating activities		(12,480,134)	(9,992,960)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(16,290,872)	(76,765,029)
Addition in capital work in progress		-	(1,161,734)
Proceeds from disposal of property, plant and equipment		8,050,000	4,044,067
Long term deposits		220,000	(7,500)
Net cash used in investing activities		(8,020,872)	(73,890,196)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of:			
Long term financing repayment to banking companies		(7,205,000)	(14,858,000)
Liabilities against assets subject to finance lease		-	-
Short term borrowings		(9,806,142)	64,313,848
Increase in long term financing from directors		32,080,000	31,183,600
Net cash from / (used in) financing activities		15,068,858	80,639,448
Net increase / (decrease) in cash and cash equivalents		(5,432,148)	(3,243,708)
Cash and cash equivalents at beginning of the year		5,843,916	9,087,624
Cash and cash equivalents at end of the year		411,768	5,843,916

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

CHIEF EXECUTIVE DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The company is limited by shares, incorporated in Pakistan on April 13, 1987 and is quoted on Pakistan stock exchange limited. The principal business of the company is manufacture and sale of yarn. The registered office of the company is situated at 112-B, E/1, Ghalib Road, Gulberg III, Lahore. The manufacturing unit is located at 38 Kilometer Sheikhupura Road, Tehsil Jaranwala, District Faisalabad in the province of Punjab.

1.2 The Company had temporarily closed its operation since June 16, 2016 and incurred a loss for the year ended June 30, 2016 of Rupees 152.123 million (June 30, 2015: 126.493 million) and as of that date, reported accumulated losses of Rupees 371.115 million (June 30, 2015: Rupees 235.302 million). The current liabilities exceeded its current assets by Rupees 434.581 million (June 30, 2015: Rupees 245.210 million) as of that date. These conditions along with adverse key financial ratios, company's inability to comply with loan agreements and inability to pay long term financing amounting to Rupees 94.494 million, short term borrowings of amounting to Rupees 19.671 million and Accrued markup amounting to Rupees 89.608 million on due dates indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, that 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:

(a) The management has prepared a five years future plan showing profitability.

(b) During the period Sponsoring Directors have provided Rs.32.08 millions as long term interest free loan and have given a written commitment stating that they will continue to provide out of Private Sources working capital as required by the Company.

(c) the management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at various stages of implementation. Such steps include, but not limited to, rightsizing of the man power, resource conservation, close monitoring of other fixed cost etc. The management is certain to generate sufficient savings as consequences of adopting all such measures.

The management anticipates to restart its operations shortly and is confident that above steps will not only bring the Company out of the existing financial crisis but also contribute significantly towards the improvement of the Company Financial Position in the foreseeable future.

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 Standard Board as are notified under Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded to the nearest rupee.

2.3 Standards, interpretations and amendments to published approved accounting standards

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

The following standards, amendments and interpretations of approved accounting standards will be effective for the accounting period beginning on or after 1 July 2015 and Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

¤ IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 is not likely to have any impact on the financial statements of the Company .

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. IFRS 11 is not likely to have any impact on the financial statements of the Company.
- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.
- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard does not have material impact on Company's financial statements except for some disclosures.
- The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.3.2 Standards, interpretations and amendments to existing standards that are applicable to the company but are not yet effective:

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

- IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 is not likely to have any impact on the financial statements of the Company .
- IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.
- Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable to annual periods beginning on or after January 1, 2016, The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the ?nancial position or performance. Notes- confirmation that the notes do not need to be presented in a particular order. Other comprehensive income(OCI) arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassi?ed to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/ accounting policies are not required for these amendments. These amendments likely to only affects the disclosures in the Company's financial statements.IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.

¤ Amendments to IAS 38 Intangible Assets and IAS 16 Property, plant and equipment (effective for periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-baes methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are highly correlated, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

¤ Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 1, 2017. The amendment clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have a material impact on the Company's financial statements.

¤ Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.

¤ There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the company and therefore have not been presented here.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment at revalued amount, revaluation of certain financial instruments at fair value and recognition of certain staff retirement benefits at present value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows.

3.1 Provision for taxation

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view 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.

3.2 Staff retirement benefits - gratuity

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect unrecognized gains and losses in those years.

3.3 Financial instruments

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

3.4 Property, plant and equipment

The company reviews recoverable amount, useful life , residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

3.5 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

3.5.1 Estimation of net realizable value
3.5.2 Computation of deferred taxation
3.5.3 Disclosure of contingencies

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of theses financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost / revaluation less accumulated depreciation and any identified impairment loss, if any. Freehold land is stated at cost / revaluation less any identified impairment loss, if any. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent that it reverses deficit on revaluation of the same assets previously recognized in profit or loss, in which case the surplus is credited to profit or loss to the extent of deficit previously charged to income. Deficit on revaluation of an item of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any held in surplus on revaluation of property, plant and equipment relating to previous revaluation of that item. On subsequent sale or retirement of revalued item of property, plant and equipment the attributable surplus remaining in the surplus on revaluation of property, plant and equipment is transferred directly to unappropriated profit. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost / revalued amount of an asset over its estimated useful life at the rates as disclosed in note 5. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions is charged from the month in which the asset is acquired or capitalized while no depreciation is charged in the month of disposal.

Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on Derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is included in the income statement in the year the asset is derecognized.

4.2 Accounting for leases and assets subject to finance lease

4.2.1 Finance lease

Recognition

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.2.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

4.3 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for intended use.

4.4 Long term deposits

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

4.5 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon. Stores held for capital expenditure are stated at cost less any accumulated impairment in value, if any.

4.6 Stock in trade

These are valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

4.6.1 Raw material		
	In hand	Weighted average cost
	In transit	Cost comprising invoice value plus other charges incurred thereon
4.6.2 Finished goods and work in process		Raw material cost plus appropriate manufacturing overheads
4.6.3 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.

4.7 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost / at nominal amount which is the fair value of the consideration to be received in future. Known impaired receivables are written off, while receivables considered doubtful are provided for.

4.8 Cash and cash equivalents

Cash in hand, cash at bank and short term deposits, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash and cash equivalent comprise cash in hand, with banks on current & saving accounts and short term borrowings.

4.9 Staff retirement benefits

Defined benefit plan

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried on June 30, 2014 using the Projected Unit Credit Method.

Expense comprising of current service cost and interest cost is recorded in profit and loss account, whereas any remeasurements due to actuarial assumptions are charged to other comprehensive income as and when they arise.

4.10 Taxation

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

4.10.1 Current

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

4.10.2 Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

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

4.11 Trade and other payables

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

4.12 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.13 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

4.14 Revenue recognition

Revenue is recognized on dispatch of goods or on performance of services. Return on deposits is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.15 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into pak rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated in contracted rates. Foreign currency translations are translated into Pak rupee at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. No monetary items are translated into pak rupees on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

4.16 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Offsetting of financial assets and liabilities

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

4.18 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4.19 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984 with the exception of loan taken from related parties which is interest / mark up free. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

4.20 Government grants

Government grants for meeting revenue expenses are set off from respective expenses in the year in which they become receivable.

4.21 Research and development cost

Research and development cost is charged to profit and loss account in the year in which it is incurred.

4.22 Dividend and other appropriations

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders. Appropriation of profits are reflected in the statements of changes in equity in the period in which such appropriations are made.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2016 Rupees	2015 Rupees
Operating fixed assets	5.1	1,024,439,370	1,064,093,995
Capital work in progress - plant and machinery		-	1,161,734
		1,024,439,370	1,065,255,729

5.1 Operating fixed assets

BILAL FIBRES LIMITED

2016

	Cost as at July 01, 2015	Additions / (deletions)	Transfers	Revaluation (Adjustments)	Revaluation Surplus	Cost as at June 30, 2016	Annual depreciation rate %	Accumulated depreciation as at July 01, 2015	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2016	Book value as at June 30, 2016
	Rupees											
Owned assets												
Freehold land	123,440,000	-	-	-	-	123,440,000	-	-	-	-	-	123,440,000
Building on freehold land	240,954,800	634,356	-	-	-	241,589,156	5%	23,493,094	10,899,518	-	34,392,612	207,196,544
Plant and machinery	691,790,841	16,654,633	-	-	-	708,445,474	5%	61,692,739	31,970,663	-	93,663,403	614,782,071
		-						-	-			
Factory equipment	129,250	-	-	-	-	129,250	10%	93,679	3,557	-	97,236	32,014
Office & electric equipment	10,727,912	141,700	-	-	-	10,869,612	10%	5,726,029	508,990	-	6,235,019	4,634,593
Furniture and fixture	3,511,892	21,917	-	-	-	3,533,809	10%	2,348,077	118,574	-	2,466,651	1,067,158
Vehicles	23,598,009	-	-	-	-	11,309,017	20%	7,282,616	1,985,459	-	5,070,676	6,238,341
		(12,288,992)							(4,197,398)			
Leased assets												
Plant and machinery	92,365,821	-	-	-	-	92,365,821	5%	21,788,296	3,528,876	-	25,317,172	67,048,649
30-06-2016	1,186,518,525	17,452,606	-	-	-	1,191,682,139		122,424,530	49,015,637	-	167,242,769	1,024,439,370
		(12,288,992)							(4,197,398)			
									-			

2015

	Cost as at July 01, 2014	Additions / (deletions)	Transfers	Revaluation (Adjustments)	Revaluation Surplus	Cost as at June 30, 2015	Annual depreciation rate %	Accumulated depreciation as at July 01, 2014	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2015	Book value as at June 30, 2015
	Rupees											
Owned Assets												
Freehold land	123,440,000	-	-	-	-	123,440,000	-	-	-	-	-	123,440,000
Building on freehold land	240,954,800	-	-	-	-	240,954,800	5%	12,047,740	11,445,354	-	23,493,094	217,461,706
Plant and machinery	616,522,976	80,717,865	-	-	-	691,790,841	5%	30,214,624	31,782,281	-	61,692,739	630,098,102
		(5,450,000)							(304,167)			
Factory equipment	129,250	-	-	-	-	129,250	10%	89,727	3,952	-	93,679	35,571
Office & electric equipment	10,056,794	671,118	-	-	-	10,727,912	10%	5,207,681	518,348	-	5,726,029	5,001,883
Furniture and fixture	3,164,392	347,500	-	-	-	3,511,892	10%	2,246,264	101,813	-	2,348,077	1,163,815
Vehicles	23,691,595	-	-	-	-	23,598,009	20%	3,222,486	4,081,344	-	7,282,616	16,315,393
		(93,586)							(21,213)			
Leased assets												
Plant and machinery	92,365,821	-	-	-	-	92,365,821	5%	18,073,690	3,714,606	-	21,788,296	70,577,525
30-06-2015	1,110,325,628	81,736,483	-	-	-	1,186,518,525		71,102,212	51,647,698	-	122,424,530	1,064,093,995
		(5,543,586)							(325,380)			

5.1.1 Depreciation for the period has been allocated as under.

	Note	2016 Rupees	2015 Rupees
Cost of sales	27.1	46,402,614	46,946,193
Administrative expenses	30	2,613,023	4,701,505
		49,015,637	51,647,698

5.1.2 The Company had its freehold land, buildings on freehold land, plant and machinery and vehicles revalued. Revaluation of the assets was carried out by the independent valuers " M/S Empire Enterprises (Pvt.) Ltd. " on June 30, 2013 . Freehold land was revalued at market value and building on free hold land, machinery and vehicles are valued at depreciated replacement cost.

5.1.3 Had there been no revaluation, the carrying amount of the specific class of assets would have been as follows.

	Note	2016 Rupees	2015 Rupees
Freehold land		30,070,354	30,070,354
Building on freehold land		67,745,862	70,671,514
Plant and machinery		448,425,993	454,986,441
Vehicles		5,650,801	15,580,968
		551,893,010	571,309,277

5.2 Disposal of property, plant and equipment

Particulars	Name of buyer	Mode of disposal	Cost	Accumulated depreciation	Written down value	Sale proceeds
			Rupees			
	Outsiders					
Vehicle	Mr. Muhammad Asghar, Jhang	Negotiation	72,505	27,504	45,001	50,000
Vehicle	Mr. Suneel Sarfraz Manj. Lahore	Negotiation	12,216,487	4,169,894	8,046,593	8,000,000
	Total		12,288,992	4,197,398	8,091,594	8,050,000

5.3 Gain on disposal of property, plant and equipment

	Note	2016 Rupees	2015 Rupees
Cost		12,288,992	5,543,586
Less : Accumulated depreciation		(4,197,398)	(325,380)
		8,091,594	5,218,206
Sale proceeds		(8,050,000)	(4,044,067)
Net (gain)/ loss on disposal of property, plant and equipment		41,594	1,174,139

		Note	2016 Rupees	2015 Rupees
6.	**Long term deposits**			
	Utilities		3,376,220	3,376,220
	Others		12,600	232,600
			3,388,820	3,608,820
7.	**Store, Spare parts and loose tools**			
	Stores		3,825,993	4,844,184
	Spare parts		7,406,552	5,901,295
	Loose tools		47,418	42,397
			11,279,963	10,787,876
8.	**Stock in trade**			
	Raw material		57,528,875	118,975,372
	Work in process	8.2	-	16,960,759
	Finished goods		83,050,792	13,981,178
	Waste		343,873	1,043,736
			140,923,539	150,961,044

8.1 It includes carrying value of pledged stock amounting to Rs. 157.446 million (June 30, 2015: Rs. 141.593 million)

8.2 The company had closed its operations due to which work in process is Nil as on June 30, 2016.

8.3 Finished goods amounting to Rs. 99.045 million (June 30, 2015: Rs. 15.085 million) stated at their net realizable value Rs. 83.051 million (June 30, 2015 : Rs. 13.981 million). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 15.995 million (June 30, 2015 : Rs. 13.627 million)

		Note	2016 Rupees	2015 Rupees
9.	**Trade debts**			
	Considered good - unsecured			
	Local		19,873,453	35,657,187
			19,873,453	35,657,187
10.	**Loans and advances**			
	Considered good - unsecured			
	Employees	10.1	681,263	768,932
	For services / expenses		216,152	322,627
	Suppliers		16,191,621	24,078,517
			17,089,036	25,170,076

10.1 All the loans are granted to the employees, free of interest in accordance with their terms of employment.

		Note	2016 Rupees	2015 Rupees
11.	**Trade deposits and short term prepayments**			
	Bank guarantee margin		5,070,915	5,070,915
	Prepayments		279,597	646,432
			5,350,512	5,717,347
12.	**Other receivables**			
	Considered good			
	Export rebate		509,094	509,094
			509,094	509,094

		Note	2016 Rupees	2015 Rupees
13.	**Tax refunds due from Government**			
	Advance income tax	13.1	23,621,895	17,614,095
	Sales tax		3,518,405	1,941,093
			27,140,300	19,555,188

13.1 Advance income tax

Opening	17,614,095	26,085,132
Deducted during the year	6,007,801	10,004,319
Adjusted against provision for taxation	-	(18,475,356)
	23,621,895	17,614,095

		2016 Rupees	2015 Rupees
14.	**Cash and bank balances**		
	Cash with banks		
	In current accounts	279,086	1,649,077
	In business plus account	459	13,203
		279,545	1,662,280
	Cash in hand	132,223	4,181,636
		411,768	5,843,916

15. Issued, subscribed and paid up capital

15.1 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.

15.2 There is no movement in share capital during the year.

		Note	2016 Rupees	2015 Rupees
16.	**Surplus on revaluation of property, plant and equipment - net of tax**			
	Surplus on revaluation of property, plant and equipment at the beginning of the year		416,005,920	436,417,609
	Addition during the year		-	-
	Transfer to unappropriated profit in respect of:			
	Disposal of property, plant and equipment		-	2,201,540
	Incremental depreciation on revalued assets		11,369,384	11,474,292
	Related deferred tax liability		4,872,593	6,735,857
			16,241,978	20,411,690
	Surplus on revaluation of property, plant and equipment as at the end of year		399,763,942	416,005,920
	Related deferred tax liabilities on			
	Revaluation at the beginning of the year		96,790,882	113,205,829
	Related deferred tax liability on addition to surplus		-	-
	Effect of change in tax rate		-	(9,679,088)
	Amount realized during the year			
	Incremental depreciation on revalued assets		(4,872,593)	(5,651,517)
	Disposal of property, plant and equipment		-	(1,084,340)
			91,918,289	96,790,882
			307,845,653	319,215,038

17. Deferred income

Opening balance	9,713,044	14,569,568
Amortized during the year	(4,856,524)	(4,856,524)
	4,856,520	9,713,044

17.1 This represents excess of sale proceeds over carrying amount in sale and lease back transactions. This amount is being amortized over the lease term in equal proportion.

18. Long term financing from banking companies	Note	2016 Rupees	2015 Rupees
Secured			
Under mark up arrangements			
Demand finance			
Demand finance - Settled amount	18.1	87,947,315	92,847,751
Demand finance - II	18.2	3,697,000	3,697,000
Demand finance - III	18.3	6,977,063	6,977,063
Demand finance - IV	18.4	174,170,823	174,170,823
Demand finance - IV (unserviceable)	18.5	62,820,000	62,820,000
Demand finance - VIII	18.6	19,938,937	19,938,937
Frozen mark up			
Demand finance - II	18.7	252,000	252,000
Demand finance - III	18.8	140,091	140,091
Demand finance - IV	18.9	89,609,132	85,249,043
Demand finance - VIII	18.10	1,466,485	1,466,485
		447,018,846	447,559,193
Less : Current portion from banking companies			
Overdue installments		94,493,576	60,555,195
Installments due within one year		44,879,000	41,150,000
		139,372,576	101,705,195
		307,646,270	345,853,998

18.1 Demand finance - Settled amount

	Note	2016	2015
Gross amount payable	18.1.1	123,137,000	137,036,996
Present value adjustments - deferred notional income	18.1.2	(35,189,685)	(44,189,245)
Present value of demand finance - settled amount		87,947,315	92,847,751

18.1.1 During the year ended June 30, 2013 the company had rescheduled its Demand Finance - I amounted to Rs. 90.075 million, Term finance-I amounted to Rs. 18.639 million, Term finance III amounted to Rs. 7.336 million, Term finance IV amounted Rs. 40.00 million, Frozen markup on demand finance-I amounted 0.157 million and running finance amounted to Rs. 9.90 million in one demand finance facility aggregating to Rs.166.197 million. As per the terms of revised agreement, the rescheduled loan is repayable in 106 monthly installments, commenced from June 12, 2013 and expiring on March 31, 2022. The restructured loan is secured against existing securities of the respective loan i.e. against joint pari passu charge over land, building and machinery for Rs. 462.67 million(NIB bank's share in charge is Rs. 206.67 million), specific / exclusive charge of Rs. 124.246 million on machinery and 3 gas generators, second charge of Rs. 100.00 million over stocks and receivable and personal guarantee of the sponsoring directors of the company. The amount is settled as a result of consent decree passed by the court in favor of the bank and against the principal borrower and the guarantor for Rs. 250.011 million the basis of rescheduling agreement. Rescheduling agreement states that non payment of any three consecutive installments towards adjustment of the settled amount as required in terms of the rescheduled agreement shall be considered as a failure to satisfy the decree. In event of default, the bank shall be entitled to cancel / revoke any of the arrangement including waiver of markup under the rescheduling agreement and the principal borrower and the guarantor shall become immediately liable to pay to the bank forthwith the entire decreetal amount less any payments made there under and the bank disregarding any arrangement shall immediately forthwith be entitled to continue execution of proceedings for recovery of decreetal amount less any payment made against by the principal borrower and the guarantor.

18.1.2 This represent the difference between amortized cost and face value of interest free loan (rescheduled during the year ended on June 30, 2013 as explained in note 18.1.1 above) from NIB Bank Limited. Amortized cost has been determined using effective interest rate of 10.00% per annum being the rate prevailing in the market. Movement of the present value adjustments is as follows.

Present value adjustments	Note	2016 Rupees	2015 Rupees
Opening balance		44,189,245	53,532,580
Occurred during the year		-	-
Amortized during the year		(8,999,560)	(9,343,335)
Closing balance		35,189,685	44,189,245

18.2 The loan is obtained to finance fixed assets of the company. The loan is subject to mark up at the rate of 10 percent per annum payable quarterly (June 30, 2015 : 10 percent per annum payable quarterly). The loan is repayable in thirty two quarterly installments, commenced from March 31, 2010 and expired on December 31, 2017. The loan is secured against first registered specific charge for Rs. 33.515 million over the textile machinery, first registered pari passu charge for Rs. 66.00 million over all present ad future fixed assets (including land, building and machinery) of the company.

18.3 The loan is obtained to adjust the existing RF facility of the company. The loan is subject to mark up at the rate of 10 percent per annum (June 30, 2015 : 10 percent per annum) payable quarterly . The loan is repayable in thirty two quarterly installments, commenced from March 31, 2010 and expired on December 31, 2017. The loan is secured against first registered specific charge for Rs. 33.515 million over the textile machinery, first registered pari passu charge for Rs. 66.00 million over all present ad future fixed assets (including land, building and machinery) of the company.

18.4 The loan is rescheduled and merged in one Demand finance, previously disclosed as DF-IV amounted to Rs.25 million, DF-V amounted to Rs. 70 million, DF-VI amounted to Rs.17 million DF-VII amounted to Rs. 65.208 million and lease finance facility amounted Rs.6.925 million. The loan is subject to markup at the rate of 3 months average KIBOR of quarter (June 30, 2015 : 3 months average KIBOR). The loan is repayable in 30 installments payable quarterly commenced from September 30, 2009 and expired on December 31, 2017. The loan is secured against registered joint pari passu charge of Rs.190 million on the present and future fixed assets(including land, building, plant and machinery) of the company valuing Rs. 472 million (already registered with SECP), additional second charge on a plot amounting to Rs. 40 million (currently mortgaged with Meezan Bank Limited), ranking charge on fixed assets of the company of RS. 29.933 million, ranking charge on fixed assets (including land, building and machinery) of the company of Rs. 54.660, exclusive hypothecation charge over plant and machinery amounting to Rs. 50.350 million, floating charge over plant and machinery amounting to Rs. 23.140. Exclusive hypothecation over plant and machinery amounting to Rs. 2.188 and personal guarantees of sponsoring director.

18.5 Overdue markup is converted into demand finance facility amounted to Rs. 65.825 million. The loan is repayable in 34 quarterly installments started from September 30, 2009 and ending on December 31, 2017. The loan is secured against ranking charge on fixed assets of the company to cover markup for Rs. 65.825 million.

18.6 The loan is obtained to finance imported polyester subsequently restructured as demand finance. The loan is repayable in 32 quarterly installments commenced from March 31, 2010 and expired on December 31, 2017. The loan is secured against registered specific charge for Rs.33.515 million, registered pari passu charge of Rs.66 million on all present and future fixed assets of the company and accepted drafts and TRs.

18.7 Deferred mark up on demand finance II as disclosed above for Rs. 0.252 million (June 30, 2015 : Rs. 0.252 million) freezed and converted into long term financing. Frozen markup is payable in 28 equal quarterly installments of Rs. 0.019 million and 5 installments Rs. 0.020 million commenced from December 2009.

18.8 Deferred mark up on demand finance III as disclosed above of Rs. 0.140 million (June 30, 2015 : for Rs. 0.140 million) freezed and converted in to long term financing. Frozen markup is payable in 33 equal quarterly installments of Rs. 0.011 million commenced from December 2009.

18.9 Deferred mark up on demand finance IV of Rs. 85.249 million (June 30, 2015: Rs. 85.249 million) freezed and converted in to long term financing. During the year markup of Rs. 8.634 million is deferred and freezed. Frozen markup will be paid in lump sum on December 31, 2017.

18.10 Deferred mark up on demand finance VIII as disclosed above for Rs. 1.466 million (June 30, 2015 : Rs. 1.466 million) freezed and converted into long term financing. Frozen markup is payable in 33 quarterly installments of Rs. 0.114 million commenced from December 2009.

19. Long term financing from directors and associates	**Note**	**2016 Rupees**	**2015 Rupees**
Unsecured - From directors and associates			**(Restated)**
Interest free loan	19.1	147,001,600	114,921,600
Present value adjustments	19.2	(55,257,745)	(51,216,722)
Present value of interest free loan from directors and associates		91,743,855	63,704,878

19.1 As at June 30, 2015, management of the company has entered into an agreement with directors and associates and decided repayment terms of the interest free and unsecured loan (previously repayment terms of the loan were not determinable). According to the agreement, loan from directors and associates amounted to Rs. 94,501,600 will be paid on July 30, 2020 and remaining Rs. 52,500,000 will be paid on July 30, 2022. These loans have been recognized at amortized cost using effective discount rate of 10 percent. The resulting difference has been charged to profit and loss account and will be amortized over the remaining life of the loan. Out of the above amount, Rs. 52,500,000 are subordinated to the loans from banking companies.

19.2 This represent the difference between amortized cost and face value of interest free loan (as explained in note 19.1 above). Amortized cost has been determined using effective interest rate of 10.00% per annum being the weighted average rate of return prevailing in the market. Movement of the deferred notional income is as follows.

Movement in present value	Note	2016 Rupees	2015 Rupees
Opening balance		51,216,722	43,104,517
Occurred during the year		11,719,091	12,944,431
Amortized during the year		(7,678,068)	(4,832,226)
Closing balance		55,257,745	51,216,722

20. Liabilities against assets subject to finance lease

	2016			2015		
	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	--------------------Rupees--------------------			---------------------Rupees---------------------		
Up to one year	68,909,000	43,809,000	25,100,000	54,764,000	36,353,000	18,411,000
Later than one year but not later than five years	86,673,331	3,467,000	83,206,331	100,818,331	10,923,000	89,895,331
Later than five years	-	-	-	-	-	-
	155,582,331	47,276,000	108,306,331	155,582,331	47,276,000	108,306,331

20.1 The lease is obtained under sale and lease back transaction of plant and machinery. The total lease rentals due under the lease agreements are payable in 33 quarterly installments commenced from December 31, 2009. The present value of minimum lease payments has been discounted at interest rate implicit in the lease, which equates to an interest rate of 3 months average KIBOR of the last day of quarter. The cost of repairs and insurance are borne by the lessee. The liability is secured by a lease agreement lien on leased assets, trust receipts to be executed in bank's favor and 33 post dated cheques for complete adjustment of principal. The company intend to exercise the option of purchasing the leased assets at residual value upon completion of lease term.

20.2 Amount of lease liability includes an amount of Rs. 22.645 million (June 30, 2015 : Rs. 22.645 million) deferred markup transferred to memo account. The deferred markup is payable in 16 quarterly installments started from March 31, 2014 and ending on December 31, 2017. The breakup of the present value of minimum lease payment is given below.

Breakup of present value of minimum lease payments	Note	2016 Rupees	2015 Rupees
Lease liability		85,661,821	85,661,821
Deferred markup transferred to memo account		22,644,510	22,644,510
		108,306,331	108,306,331

20.3 Current maturity of the lease liabilities

Over due installments		18,411,000	12,350,000
Payable within one year		6,689,000	6,061,000
		25,100,000	18,411,000

21. Deferred liabilities

Staff retirement benefits - gratuity	21.1	13,946,359	16,600,539
Deferred tax	21.2	14,117,309	72,973,474
		28,063,669	89,574,013

21.1 Staff retirement benefits-gratuity

21.1.1 Movement in the liability

Opening liability		16,600,539	19,236,219
Expense recognized in profit and loss account		4,208,837	4,784,015
Remeasurements recognized		(6,863,017)	1,995,705
Paid during the year		-	(9,415,400)
Closing liability		13,946,359	16,600,539

21.1.2 Movement in present value of defined benefit obligation

	2016 Rupees	2015 Rupees
Present value of defined benefit obligation	16,600,539	19,236,219
Current service cost	3,397,702	3,631,904
Interest cost	811,136	1,152,111
Remeasurements (gain)/ loss	(6,863,017)	1,995,705
Benefits paid	-	(9,415,400)
Present value of defined benefit obligation	13,946,359	16,600,539

21.1.3 Historical information

	2016	2015	2014	2013	2012
Present value of defined benefit obligation	13,946,359	16,600,539	19,236,219	22,454,575	20,242,610
Experience adjustments on plan liabilities	6,863,017	(1,995,705)	(3,098,469)	(4,996,767)	-

21.1.4 Liability recognized in the balance sheet

	Note	2016 Rupees	2015 Rupees
Present value of obligation		13,946,359	16,600,539
		13,946,359	16,600,539

21.1.5 Expense recognized

21.1.5.1 In profit and loss account

	2016 Rupees	2015 Rupees
Current service cost	3,397,702	3,631,904
Interest cost	811,136	1,152,111
	4,208,837	4,784,015

21.1.5.2 In other comprehensive income

	2016 Rupees	2015 Rupees
Remeasurement in the year	(6,863,017)	1,995,705
	(6,863,017)	1,995,705

21.1.6 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.

21.1.7 Principle actuarial assumptions

	Note	2016 Rupees	2015 Rupees
Discount factor used		8.33%	9.75%
Expected rate of salary increases		10.00%	10.00%

21.1.8 Sensitivity analysis of actuarial assumptions

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

	Increase in assumption	Decrease in assumption
Discount rate	661,244	(725,081)
Expected rate of increase in future salaries	(706,846)	657,363

21.1.9 Expected gratuity expense for the year ended June 30, 2017

Expected gratuity expense for the year ending June 30, 2017 works out Rs. 4,402,238.

21.2 Deferred taxation	Note	2016 Rupees	2015 Rupees
Opening balance		72,973,474	127,231,278
(Reversed) / provided during the year on surplus - net		-	(9,679,088)
Prior year tax - effect of change in tax rate		-	(11,566,480)
Provided / (reversed) during the year through profit and loss		(60,778,153)	(32,457,590)
Charged through other comprehensive income due to remeamurements		1,921,988	(554,646)
		14,117,309	72,973,474
This comprises the following:			
Deferred tax liability on taxable temporary differences:			
Surplus on revaluation of property, plant and equipment		91,918,289	96,790,883
Tax depreciation allowance		118,361,475	177,044,929
		210,279,764	273,835,812
Deferred tax asset on deductible temporary differences:			
Finance lease		(30,331,188)	(30,100,496)
Tax losses and tax credits		(161,925,589)	(106,148,221)
Staff retirement benefits - gratuity		(3,905,678)	(4,613,622)
		(196,162,456)	(140,862,338)
		14,117,309	132,973,474

22. Trade and other payables		
Creditors	86,326,539	63,761,989
Advance from customer	123,614,842	23,591,784
Accrued liabilities	33,393,558	40,589,143
Unclaimed dividend	235,776	235,776
Withholding tax payable	7,292,634	2,739,961
Others	196,848	113,646
	251,060,197	131,032,299

23. Accrued interest / mark up	Note	2016 Rupees	2015 Rupees
Interest / mark up on secured finances:			
Long term financing from banking companies		26,650,426	28,617,515
Liabilities against assets subject to finance lease		27,087,037	27,087,037
Short term borrowings		43,782,571	38,647,415
		97,520,034	94,351,967

23.1 It includes overdue markup of Rupees 24.742 million (June 30, 2015 : Rupees 24.824 million), Rupees 27.700 (June 30, 2015: Rupees 25.589) and Rupees 41.360 million (June 30, 2015: Rupees 33.848 million) on long term financing from banking companies, liabilities against assets subject to finance lease and on short term borrowings from banking companies respectively.

24. Short term borrowings	Note	2016 Rupees	2015 Rupees
Secured			
From banking companies			
Cash finance	24.2	144,105,534	153,911,676
		144,105,534	153,911,676

24.1 The aggregate of credit limits available for short term borrowings from banking companies are Rs. 275 million (2015: 275 million). These above facilities are expiring on various date by June 30, 2015.

24.2 These are secured against pledge of cotton bales at 10 percent margin, imported cotton at invoice value, polyester / yarn at 15 percent margin under lock and key of banks' approved macadam, join pari passu charge over land, building and machinery, exclusive charge on machinery, securities as mentioned in note 18.3 above and personal guarantees of sponsoring directors.

These are subject to mark up ranging between 3 months KIBOR to 3 months KIBOR plus 3 percent (June 30, 2015: 3 months KIBOR to KIBOR plus 3 percent). The effective markup rate is 8.65 percent.

25. Contingencies and commitments

Contingencies

25.1 The NIB Bank Limited has filed suit C.O.S No. 85/2009 before Honorable Lahore High court, Lahore against the company for recovery of Rupees. 297.403 million as outstanding dues against the banking facilities provided by the bank. During the year ended June 30, 2013 consent decree has passed by the court in favor of the bank and against the principal borrower and the guarantor for Rs. 250.011 million on the basis of rescheduling agreement. Rescheduling agreement states that non payment of any three consecutive installments towards adjustment of the settled amount as required in terms of the rescheduled agreement shall be considered as a failure to satisfy the decree. In event of default, the bank shall be entitled to cancel / revoke any of the arrangement including waiver of markup under the rescheduling agreement and the principal borrower and the guarantor shall become immediately liable to pay to the bank forthwith the entire decreetal amount less any payments made there under and the bank disregarding any arrangement shall immediately forthwith be entitled to continue execution of proceedings for recovery of decreetal amount less any payment made against by the principal borrower and the guarantor, however, consent decree have been implemented. As required in rescheduling agreements company had applied to the court to withdrawal of its suit C.O.S No. 99/2009 filed against the bank and the case is disposed of by the Honorable judge of the Lahore High Court, Lahore.

25.2 The Bank of Punjab has filed suit C.O.S No. 55/2012 before Honorable Lahore High court, Lahore against the company for recovery of Rupees. 507.443 million as outstanding dues against the banking facilities provided by the bank. The company has also filed a suit C.O.S No. 74/2012 against the bank before the Honorable Lahore High court, Lahore. The outcome of the case is not ascertainable as at June 30, 2016 however legal councel is hopefull that the outcome of the case will be decided in favour of the company.

25.3 The company has filed a writ pettition before the Honorable Lahore High court, Lahore against the illegal levy of license/permit fee to the tune of Rs. 200,000 by the District Govt. Faisalabad. Legal councel of the company is of the view that this sort of petitions had already decided by the Honorable Lahore High Court, Lahore in favour of petitioner. legal councel is hopefull that the outcome of the case will be decided in favour of the company

		2016 Rupees	2015 Rupees
25.4	Claims not acknowledged in view of pending appeals before appellate authorities / high court	100,000	100,000
25.5	Indemnity bonds issued against exemption of sales tax and custom duty on import of machinery and local procurement of raw material	17,537,477	17,537,477
25.6	Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas	23,082,000	23,082,000
25.7	Bank guarantee issued in favor of Collector of custom Karachi	2,675,000	2,675,000

Commitments outstanding

There are letter of commitments of Rs. Nil as at June 30, 2016 (June 30, 2015 : Rs. Nil).
\

26. Sales - net

	Note	2016 Rupees	2015 Rupees
Yarn			
Local		1,011,149,522	1,514,294,122
Export	26.1	40,975,019	70,034,410
		1,052,124,541	1,584,328,532
Raw material - local		8,719,330	42,727,929
Waste - local		7,080,217	11,307,491
		1,067,924,088	1,638,363,952

26.1 It includes exchange gain amounting to Rs. Nil (June 30, 2015 : Rs. Nil).

27. Cost of sales

	Note	2016 Rupees	2015 Rupees
Cost of goods manufactured	27.1	1,291,169,894	1,706,508,684
Finished goods			
Opening stock		15,024,914	16,792,838
Closing stock		(83,394,665)	(15,024,914)
		1,222,800,142	1,708,276,608

			2016 Rupees	2015 Rupees
27.1	**Cost of goods manufactured**			
	Raw material consumed	27.1.1	813,398,089	1,178,749,865
	Cost of raw material sold	27.1.1	8,924,812	42,546,670
	Packing material consumed		22,238,727	25,344,078
	Salaries, wages and benefits		150,780,112	149,667,112
	Staff retirement benefits - gratuity		3,134,778	3,609,210
	Stores and spares consumed		24,496,657	25,909,086
	Fuel and power		183,260,347	218,977,755
	Repairs and maintenance		14,755,996	7,669,892
	Insurance		3,377,967	3,352,673
	Depreciation	5.1.1	46,402,614	46,946,193
	Others		3,439,036	4,031,762
			1,274,209,135	1,706,804,296
	Work in process			
	Opening stock		16,960,759	16,665,147
	Closing stock		-	(16,960,759)
			16,960,759	(295,612)
			1,291,169,894	1,706,508,684
27.1.1	**Raw material consumed**			
	Opening stock		118,975,372	116,209,942
	Purchases		760,876,404	1,224,061,965
			879,851,776	1,340,271,907
	Cost of raw material sold		(8,924,812)	(42,546,670)
	Closing stock		(57,528,875)	(118,975,372)
			813,398,089	1,178,749,865
28.	**Other operating income**			
	From other than financial assets			
	Amortization of deferred income	17	4,856,524	4,856,524
	Notional income on interest free loan from directors and associates	19.2	11,719,091	12,944,431
			16,575,615	17,800,955
29.	**Distribution cost**			
	Ocean freight		171,791	707,882
	Commission		3,586,646	5,187,782
	Local sale expenses		4,313,138	3,875,960
	Staff salaries and benefits - gratuity		4,827,740	5,077,697
	Miscellaneous export expenses		2,150,198	1,204,776
	Wharfage		155,169	244,672
	Export development surcharge		100,796	180,904
	Others		2,837,122	3,367,757
			18,142,600	19,847,430
	Administrative expenses			
	Directors' remuneration		1,800,000	1,800,000
	Staff salaries and benefits		13,850,371	17,315,939
	Staff retirement benefits - gratuity		1,074,059	1,174,804
	Postage and telecommunication		706,528	930,856
	Vehicles running and maintenance		313,664	355,008
	Traveling and conveyance		551,328	1,047,590
	Printing and stationery		289,407	374,658
	Fee and subscriptions		339,588	408,005
	Utilities		515,638	730,894
	Newspapers and periodicals		9,882	11,439
	Advertisement		35,375	100,265
	Insurance		834,599	1,108,697
	Auditors' remuneration	30.1	630,000	620,000
	Legal and professional		1,035,900	1,563,660
	Rent, rates and taxes		370,700	1,365,703
	Donations	30.2	1,509,000	551,322
	Repairs and maintenance		858,533	2,373,560
	Depreciation	5.1.1	2,613,023	4,701,505
	Others		4,914,884	6,197,599
			32,252,479	42,731,504

		2016 Rupees	2015 Rupees
30.1 Auditors' remuneration			
Audit fee		550,000	550,000
Half yearly		80,000	70,000
		630,000	620,000

30.2 None of the directors or their spouses had any interest in the donee institutions.

31. Other operating expenses	**Note**	**2016 Rupees**	**2015 Rupees**
Net loss on disposal of property, plant and equipment		41,594	1,174,139
		41,594	1,174,139

32. Finance cost	**Note**	**Rupees**	**Rupees**
Interest / mark up on			
Long term financing from banking companies		2,393,000	18,592,092
Liabilities against assets subject to finance lease		-	7,462,037
Short term borrowings		10,936,138	14,777,536
Notional interest on interest free loans	18.1 & 19.2	9,982,634	14,175,561
Bank charges and commission		852,304	958,548
		24,164,075	55,965,774

32.1 During the current year, markup of Rs.11.131 million(June 30, 2015 : Nil), Rupees 5.475(June 30, 2015: Nil) and Rupees 1.257 million (June 30, 2015: Nil) on long term financing from banking companies, liabilities against assets subject to finance lease and on short term borrowings respectively has not been provided due to litigation with The Bank of Punjab as explained in Note 25.2

33. Provision for taxation		
Current		
Current year	-	-
Prior year	-	(1,313,271)
Deferred		
Current year	(60,778,153)	(32,457,590)
Prior year - effect of change in tax rate	-	(11,566,479)
	(60,778,153)	(45,337,340)

33.1 Relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these financial statements as the company has declared gross loss as mentioned in note 33.2. Income tax assessment has been finalized up to June 30, 2015.

33.2 The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the universal self assessment scheme of Income Tax Ordinance, 2001. During the year company has declared gross loss before set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001. Therefore, provision for current taxation under section 113 of Income Tax Ordinance, 2001 is not made in these financial statements. Current tax of Rs 409,750 against realization of export sales has been adjusted against tax credit U/S 65B of Income tax Ordinance, 2001.

34. Loss per share - basic and diluted		**2016**	**2015**
Loss for the year	Rupees	(152,123,035)	(126,493,208)
Weighted average number of ordinary shares	Numbers	14,100,000	14,100,000
Loss per share - basic	Rupees	(10.79)	(8.97)

There is no dilutive effect on basic loss per share of the company.

35 Financial instruments and related disclosures

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

35.1 Credit risk
35.2 Liquidity risk
35.3 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.

35.1 Credit risk

35.1.1 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 the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 29.426 million (June 30, 2015 : Rs. 50.950 million), financial assets which are subject to credit risk aggregate to Rs. 29.014 million (June 30, 2015 : Rs. 45.106 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2016 Rupees	2015 Rupees
Long term deposits	3,388,820	3,608,820
Trade debts	19,873,453	35,657,187
Loans and advances	681,263	768,932
Trade deposits and short term prepayments	5,070,915	5,070,915
Cash and bank balances	411,768	5,843,916
	29,426,219	50,949,770

35.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

	2016 Rupees	2015 Rupees
Domestic	19,873,453	35,657,187
Export	-	-
	19,873,453	35,657,187

Export debtor is situated in Hong Kong.

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

	2016 Rupees	2015 Rupees
Yarn	19,145,333	34,929,067
Waste	728,120	728,120
	19,873,453	35,657,187

35.1.4 The aging of trade debtors at the balance sheet is as follows.

	Gross debtors	
	2016	2015
	Rupees	
Not past due	-	-
Past due 0 - 90 days	19,873,453	35,657,187
More than one year	-	-
	19,873,453	35,657,187

35.2 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.

	2016					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	447,018,846	567,543,052	110,107,653	25,283,000	397,595,399	34,557,000
Long term loans from directors	91,743,855	147,001,600	-	-		147,001,600
Finance lease	108,306,331	155,582,331	34,454,500	34,454,500	86,673,331	-
Trade and other payables	120,152,721	120,152,721	120,152,721	-	-	-
Accrued markup / interest	97,520,034	97,520,034	97,520,034	-	-	-
Short term borrowings	144,105,534	150,338,098	150,338,098	-	-	-
	1,008,847,321	1,238,137,836	512,573,006	59,737,500	484,268,730	181,558,600

	2015					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	447,559,193	568,083,399	110,648,000	25,283,000	397,595,399	34,557,000
Long term loans from directors	63,704,878	114,921,600	-	-	-	114,921,600
Finance lease	108,306,331	155,582,331	27,382,000	27,382,000	100,818,331	-
Trade and other payables	104,700,554	104,700,554	104,700,554	-	-	-
Accrued mark up and interest	94,351,967	94,351,967	94,351,967	-	-	-
Short term borrowings	153,911,676	156,733,401	156,733,401	-	-	-
	972,534,598	1,194,373,252	493,815,922	52,665,000	498,413,730	149,478,600

35.2.1 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.

35.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

35.3.1 Currency risk

Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of plant and machinery, raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar, Japanese Yen and Euro. The currencies in which these transactions primarily are denominated is US Dollar, Japanese Yen and Euro. The company's exposure to foreign currency risk is as follows.

	US Dollar	Japanese Yen	Euro	Rupees
Trade debts 2016	-	-	-	-
Trade debts 2015	-	-	-	-

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
Financial assets	**2016**	**2015**	**2016**	**2015**
US Dollar to Rupee	103.52	99.92	105.76	101.29

	Average rates		Reporting date rates	
Financial liabilities	**2016**	**2015**	**2016**	**2015**
US Dollar to Rupee	102.75	100.23	103.79	101.70

Sensitivity analysis

5% 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. 5% weakening of Pak Rupee against the above currencies at periods ends would have had the equal but opposites effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

35.3.2 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 long term financing form banking companies, long term murabaha, liabilities against assets subject to finance lease, short term borrowings and deposits in current accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

	2016 Rupees	2015 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	32,471,576	32,471,576
Variable rate instruments		
Financial assets	-	-
Financial liabilities	644,314,625	654,661,114

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) equity and profit or loss 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 June 30, 2016.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2016	133,291	(133,291)	-	-
Cash flow sensitivity - variable rate instruments 2015	408,317	(408,317)	-	-

35.4 Fair value of financial assets and liabilities

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

35.5 **Off balance sheet items**	2016 Rupees	2015 Rupees
Claims not acknowledged in view of pending appeals before appellate authorities / High court	100,000	100,000
Indemnity bonds issued against exemption of sales tax and custom duty on import of machinery and local procurement of raw material	17,537,477	17,537,477
Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas	23,082,000	23,082,000
Bank guarantee issued in favor of the directors excise and taxation, Karachi	2,675,000	2,675,000

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

36 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 from banking companies, long term financing from directors and associates, long term murabaha and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		2016	2015
Borrowings	Rupees	791,174,566	773,482,078
Total equity	Rupees	(230,114,782)	(94,302,161)
Total capital employed	Rupees	561,059,783	679,179,917
Gearing ratio	Percentage	141.01	113.88

37 Plant capacity and production

	2016	2015
Total number of spindles installed	29,016	29,016
Total number of spindles worked	24,957	28,580
Number of shifts per day	3	3
Installed capacity converted into 20/1 count (Kgs.)	11,889,912	11,889,912
Actual production converted into 20/1 count (Kgs.)	9,680,658	10,763,431

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindle speed, twist per inch and raw material used etc. It would also vary according to the pattern of production adopted in a particular year. 13.20 ounces as standard production per spindle has been used to calculate installed capacity.

38 Transactions with related parties

		2016 Rupees	2015 Rupees
Key management personnel	Salaries and benefits	6,946,000	8,336,903
	Retirement benefits	433,000	304,000
Directors	Receipts of loan from directors	32,080,000	31,183,600

The company has related party relationship with its associated undertakings, its directors and executives 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 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. Trade debts, long term financing from directors and associates, short term borrowings and remuneration to chief executive and executives are disclosed in notes 9, 18, 24 and 39 to the financial statements respectively.

39 Remuneration to chief executive and executives

	2016		2015	
	Chief executive	Executive	Chief executive	Executive
	Rupees		Rupees	
Remuneration	1,200,000	3,430,667	1,200,000	4,314,356
House rent allowance	540,000	1,543,800	540,000	1,941,460
Utility allowance	60,000	171,533	60,000	281,087
	1,800,000	5,146,000	1,800,000	6,536,903
Number of persons	1	5	1	5

40 Corresponding figures

Figures have been rearranged / reclassified whenever necessary for the purpose of comparison. However, no major reclassification / rearrangement has been made in these financial statements.

	2016	2015
41 NUMBER OF EMPLOYEES		
Total number of employees worked as at	879	930
Average number of employees worked during the year	847	894

42 Events after the balance sheet date

There are no subsequent events occurring after the balance sheet date.

43 Date of authorization for issue

These financial statements have been authorized for issue on 7th October, 2016 by the board of directors of the company.

CHIEF EXECUTIVE DIRECTOR

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2016

4. No. of Shareholders	------Shareholding------ From	To	Total Shares Held
168	1	100	9,546
416	101	500	177,858
103	501	1000	95,094
108	1001	5000	286,407
31	5001	10000	250,798
10	10001	15000	124,415
9	15001	20000	166,754
2	20001	25000	50,000
2	25001	30000	56,000
2	40001	45000	89,000
2	45001	50000	97,500
1	50001	55000	52,100
2	60001	65000	121,098
2	70001	75000	149,000
1	1160001	1165000	1,163,113
1	4845001	4850000	4,845,171
1	6365001	6370000	6,366,146
861			**14,100,000**

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor childern	6,069,099	43.0433
5.2 Associated Companies, undertakings and related parties.	0	0.0000
5.3 NIT and ICP	8,533	0.0605
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000
5.5 Insurance Companies	52,100	0.3695
5.6 Modarabas and Mutual Funds	33	0.0002
5.7 Share holders holding 10% or more	11,211,317	79.5129
5.8 General Public	7,942,201	56.3277
5.9 Others (to be specified)		
Joint Stock Companies	28,034	0.1988

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2016

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MIAN NAEEM OMER	4,845,171	34.3629%
2	MR.MUHAMMAD ASGHAR	11,015	0.0781%
3	MR. MUHAMMAD SARWAR	10,000	0.0709%
4	MR. MUHAMMAD ZUBAIR	10,000	0.0709%
5	MR. OSAMA SAEED	10,000	0.0709%
6	MR. IRFAN HUSSAIN	10,000	0.0709%
7	MR. MUHAMMAD ANWAR ABBAS	9,800	0.0695%
8	MRS. FARAH NAEEM W/O MIAN NAEEM OMER	1,163,113	8.2490%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		52,133	0.3697%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. HASHAM OMER	6,366,146	45.1500%
2	MIAN NAEEM OMER	4,845,171	34.3629%
3	MRS. FARAH NAEEM W/O MIAN NAEEM OMER	1,163,113	8.2490%

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

S.No	NAME	SALE	PURCHASE
	NIL		

PROXY FORM

Folio No. __________ CDC Participants Identity Card No. __________ A/C No. __________

I/We ______________________________

of ______________________________ being

a member(s) of BILAL FIBERS LIMITED, a holder of ______________________________

ordinary shares as per Registered Folio No. ______________________________

hereby appoint ______________________________

of ______________________________

Shares Registered Folio No. ______________________________

who is also member of BILAL FIBERS LIMITED, as my proxy to vote for me and my behalf at the 30th Annual General Meeting of the Company to be held on Friday, the 31st October, 2016 and at any adjournment thereof.

Signed this ______________ day of ______________ 2016

Witness:

1.

2.

Please affix Revenue Stamp

N.B. (Signature should agree with specimen signature registered with the Company)

NOTICE:

A member entitled to vote at this meeting may appoint a proxy. Proxies in order to be effective must be received at Registered Officer of the Company duly stamped and signed not later than 48 hours before the time of meeting.