

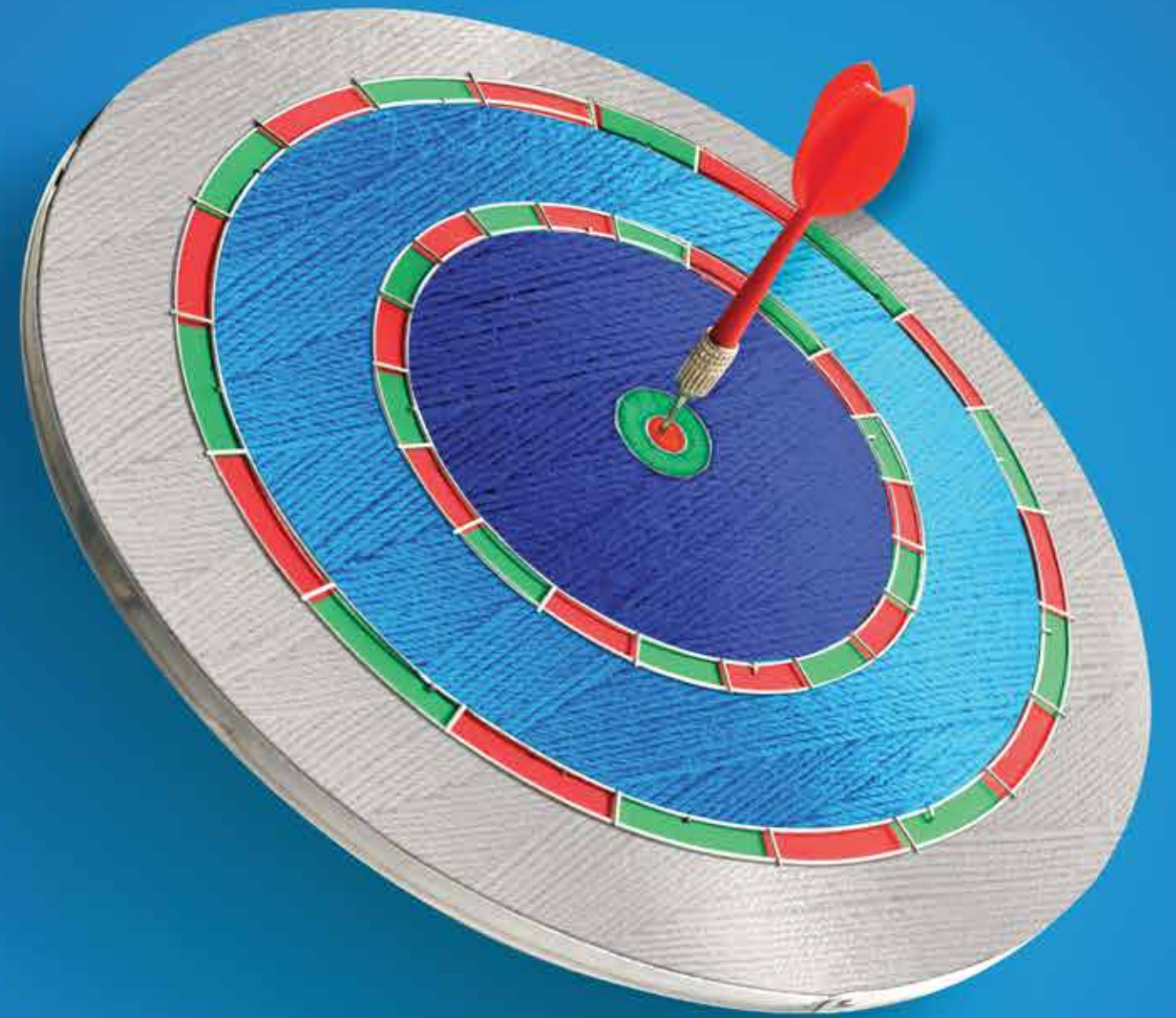
**Gadoon Textile Mills Limited**

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Society, Abdul Aziz Haji Hashim  
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[gadoontextile.com](http://gadoontextile.com)

# rewarding SUCCESS

Annual Report 2017



DCI/THE D'HAMIDI PARTNERSHIP/DESIGN

**gadoon**



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# company information

## Board of Directors

Mr. Muḥammad Yunus Ṭabbā (Chairman)  
Mr. Muḥammad Sohāil Ṭabbā (Chief Executive)  
Mr. Muḥammad Ali Ṭabbā  
Mr. Imrān Yunus  
Mr. Jawed Yunus Ṭabbā  
Mrs. Māriām Ṭabbā Khān  
Mrs. Zulekhā Ṭabbā Māskāṭiyā  
Mr. Saleem Zamindār (Independent Director)

## Audit Committee

Mr. Saleem Zamindār (Chairman)  
Mr. Muḥammad Ali Ṭabbā  
Mr. Jawed Yunus Ṭabbā  
Mrs. Zulekhā Ṭabbā Māskāṭiyā

## HR and Remuneration Committee

Mr. Jawed Yunus Ṭabbā (Chairman)  
Mrs. Māriām Ṭabbā Khān  
Mrs. Zulekhā Ṭabbā Māskāṭiyā

## Executive Director Finance, CFO and CS

Mr. Abdul Sattar Abdullah

## Auditors

Deloitte Yousuf Adil Chartered Accountants  
A Member of Deloitte Touche Tohmatsu

## Chief Internal Auditor

Mr. Haji Muḥammad Mundia

## Registered Office

200-201, Gadoon Amāzai Industrial Estate,  
Distt. Swabi, Khyber Pākhtunkhwā.  
Phone: 093-8270212-13  
Fax: 093-8270311  
E-mail: secretary@gadoontextile.com

## Head Office

7-A, Muḥammad Ali Housing Society, Abdul Aziz Haji  
Hashim Ṭabbā Street, Karachi 75350.  
Phone: 021-35205479-80  
Fax: 021-34382436

## Liaison Office

Syed's Tower, Third Floor, Opposite Custom House,  
Jamrud Road, Peshawar.  
Phone: 091-5701496  
Fax: 091-5702029  
E-mail: secretary@gadoontextile.com

## Factory Locations

- 200-201, Gadoon Amāzai Industrial Estate, Distt. Swabi, Khyber Pākhtunkhwā.
- 57 K.M on Super Highway, near Karachi.

## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Falah Limited  
Bank Al-Habib Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
MCB Bank Limited (formerly NIB Bank Limited)  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Standard Chartered Bank Pakistan Limited  
The Bank of Punjab Limited  
United Bank Limited

## E-Communication

Website: www.gadoontextile.com  
Facebook: www.facebook.com/GadoonTextile

## Share Registrar / Transfer Agent

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, S.M.C.H.S.  
Main Shahrāh-e-Faisal, Karachi.  
(Toll Free): 0800 23275

# gadoon at a glance

We at Gadoon Textile Mills Limited (GTML) are primarily engaged in the textile industry of Pakistan, the fiber spinning and knitting sector markedly. The company operates in the B2B segment of the industry and its production facilities comprise of spinning and processing all categories of cotton and man made fiber including knitting home textile and jersey. Our customer's portfolio include a portion of the greatest names in textile business of Pakistan and abroad. We appreciate connections that have been fashioned, kept up and reinforced amid the previous twenty nine years.

To provide an alternative source of employment and to eradicate the poppy cultivation prevalent in the Gadoon Amāzai area of District Swabi, Khyber Pākhtunkhwā; the Government, in the late 80's, invited the private sector to setup industrial units in the region.

The Yunus Brothers Group (YBG) considered this as its corporate social responsibility to join hands with the Government in this noble cause and setup Gadoon Textile Mills Limited (GTML).

Despite the fact that the Government unilaterally withdrew the incentive in 1991 that it offered for setting up of the industrial units, the management of GTML decided to continue its operations and further strive to achieve its goals. It is the timeless effort of GTML that made it "ONE OF THE LARGEST SPINNING UNITS OF PAKISTAN"

Following are some of the products that we manufacture:

- Compact Yarn
- Murata Jet Spun Yarn
- Core Spun Yarn
- 100% Grey Cotton Ring Spun Yarn
- Man Made / Blended Yarn
- Poly/Cotton Yarn
- Murata Vortex Spun Yarn
- Open-End Yarn
- Siro Yarn
- Lycra Yarn
- Slub Yarn

- Slub Core Spun Yarn
- Compact Core Spun Yarn
- Double Compact Spun Yarn on Ring Machine (Without Doubling)
- Ring Spun/Compact Spun Double Yarn on Doubling Machine

## Knitted Fabric

- Grey and Dyed Fabric
- Knitted Fitted Sheet /Comforter

## About YBG

The YBG is a conglomerate with diversified interests in textiles, cement, power generation, auto mobile and chemicals etc.

The group was established in 1962 as a trading house and then grew rapidly over the years. Currently, YBG is one of the largest export houses as well as the largest cement and textile manufacturer in Pakistan. Moreover, by virtue of the acquisition of ICI Pakistan Limited, YBG is now the largest manufacturer of Soda Ash and the second largest manufacturer of Polyester Staple Fiber in the country.



# group information

## Y.B. Pakistan Limited (YBPL)

Yunus brothers started business in 1962 as partnership by Mr. Abdul Razzak Tabba (Late) and Mr. Yunus Tabba. Initially, trading of grey cloth was the main business. However, with the time the firm started in other commodity items e.g. wheat, rice, corn and other pulse items. In order to encourage corporate culture, the management decided in 2012 to convert the partnership firm into a public limited company with name and style of Y.B. Pakistan Limited. The company has diversified portfolio of investment in various segment of businesses.

## Lucky Textile Mills Limited (LTML)

Lucky Textile Mills was established in 1983 and since then has remained one of the leading textile manufacturers in the country. The Company is engaged in the activity of manufacturing and export of fabrics, home textiles and garments. It has state-of-the-art equipment to cater to the international market. It has the capacity to process 72 million meters per annum of fabric and has its own captive power generation facility of 6 MW.

## Aziz Tabba Foundation (ATF)

ATF is a not for profit organization and was started in 1987. The Foundation has rendered its services to bring a transformative change in people's life by providing them shelter, education, marriage and health care facilities which in turn promotes positive behavior in the Society.

## Gadoon Textile Mills Limited (GTML)

GTML was established in 1988 and started production in the year 1990. Initially it started its operations with only 14,400 spindles. However, with the advent of installation of state-of-the-art automatic machinery and merger with Fazal Textile Mills Limited, increased its capacity to 321,000 spindles. GTML has 2 manufacturing facilities located at Gadoon Amazai – Khyber Pakhtunkhwa and at Karachi – Sindh. The Company also has a captive power plant with a generation capacity of around 56 MW. GTML is listed on the Pakistan Stock Exchange (PSX).

## Lucky Cement Limited (LCL)

Lucky Cement is the flagship company of YBG. Which has a solid history of exceptional growth performance since its inception in 1993. The shares of the Company are quoted on the Pakistan Stock Exchange (PSX) and the London Stock Exchange. The company's manufacturing plants are located at Karachi and Pezu. Presently, it has a combined domestic production capacity of 7.75 MTPA and is the only cement company to have its own loose cement export terminal at Karachi port with storage capacity of 24,000 tons.

Lucky Cement Limited has globally expanded and set up a cement grinding facility in Basra (Iraq) and a cement manufacturing plant in Democratic Republic of Congo (DRC). A regional office was also set up in Colombo (Sri Lanka) too. Lucky Cement Limited has diversified into power generation by investing in a 660 MW coal-based power project in Karachi. The company, along with other YBG Group companies, through Lucky Holdings Limited, is also the sponsor of ICI Pakistan, a household name in chemicals, soda ash, and life sciences in Pakistan. Most recently, YBG and Lucky Cement joined hands with Kia Motors to market and sell all types of Kia motor vehicles, its parts and accessories in Pakistan.

## Lucky Energy (Private) Limited (LEPL)

LEPL is a Government licensed Small Power Producer (SPP) under National Electric Power Regulatory Authority (NEPRA) incorporated in July 1993. LEPL, is a gas-based thermal power generation unit, with total production capacity of 46.57 Megawatts (MW). It is equipped with one of the most sophisticated and highly-efficient generators and supplies uninterruptible power to its group companies.

## Aziz Tabba Kidney Centre (ATKC)

Tabba Kidney Institute started its services as Aziz Tabba Dialysis Centre (ATDC) in 1995 as a Hemodialysis unit with four dialysis machines. Over the years, it grew into one of the largest Hemodialysis center in the country. At present Tabba Kidney Institute (TKI) is a 100 bed tertiary care center providing comprehensive services both in Adult and Paeds nephrology and urology.

## Yunus Textile Mills Limited (YTML)

YTML, is a vertically integrated home textile unit established in 1998, consisting of spinning, weaving, printing, dyeing, finishing and cut & sews with a workforce of 3,700 employees. In a span of 10 years it became the no. 1 home textile exporter of Pakistan with approx. 10% share of all Home Textiles exported.

## Tabba Heart Institute (THI)

THI has an internationally trained and globally experienced team of Cardiologists, Surgeons, technicians, dedicated nursing teams and specifically trained paramedical staff. Our focus and prime objective is quality care at affordable cost. THI is the only hospital in Pakistan at present that is part of American College of Cardiology database (NCDR and ACTION Registry) and Door to Balloon (028) initiative that compares and monitors quality metrics and provides benchmark with the hospitals in the United States of America. It is a modern, specialty Cardiac Care hospital committed to delivering the highest standards of Cardiac care, be it having the finest Doctors, cutting edge technology, state-of-the-art infrastructure or nursing with a smile.

## Lucky Knits (Private) Limited (LKL)

LKL was incorporated in 2005 and is primarily engaged in knitting, processing, printing and stitching of fabric and ready-made garments. It is equipped with state-of-the-art machinery, meeting high international standards, with a production capacity of about 450,000 Kgs of knitted fabric, 350,000 Kgs of dyed fabric, 200,000 fleece jackets, 50,000 polos and

80,000 T-shirts. The Company has so far established itself as "one of the most prominent garment export houses in Pakistan."

## LuckyOne (Private) Limited

Yunus Brothers is the flagship company and trading arm of the group which was formed in 1962, starting as a small commercial Exporter of Yarn and Grey Cloth to Far Eastern countries. Yunus Brothers Group, aspires to construct world class structure and Lucky One intend to define Real Estate sector in Pakistan.

Lucky One Mall is a magnificent, multifaceted, first-of-its-kind regional shopping mall that will revolutionize the shopping experience in Pakistan. Lucky One Mall offers the largest parking structure in Pakistan with more than 3000 parking spaces. Total catchment of 7.5 million people within 20 minutes' drive and guaranteed uninterrupted power supply. Lucky One is a mix-used and one of the largest private development in Pakistan comprising covered area of 5.5. Million Sqr ft to be developed in this phase which comprises of 1.5. Million Sqr ft of Shopping Mall and 1232 Luxury apartments.

## Yunus Energy Limited (YEL)

Yunus Energy Limited, is a wholly owned subsidiary of YBG and was incorporated as a Special Purpose Vehicle (SPV), with a corporate structure of a public unlisted company under SECP regulations, in the year 2011, to exclusively develop a 50 MW Wind Power Project in Dah Kohistan, Jhimpir, District Thatta. The project achieved financial close in February 2015 and initiated commercial operations in September 2016.

It is a clean energy project, harnessing the renewable wind resource for the generation of electric power without any carbon emissions. By The Grace of Almighty Allah, the project is supplying electricity to the national grid on regular basis post achieving COD (Commercial Operations Date) in September 2016.



### ICI Pakistan Limited (ICIP)

ICI Pakistan Limited is a dynamic Pakistan-based manufacturing and trading company with a growing consumer focus. It provides essential products for a diverse range of applications in almost every industry nationwide. The primary businesses are Polyester, Soda Ash, Chemicals and Life Sciences; the Company also has an increasing presence in the infant milk formula business in partnership with Morinaga Milk Industry Company Limited of Japan, and Unibrands Private Limited. In December 2012, Lucky Holdings Limited acquired the shareholding of ICI Omicron B.V., heralding a new era for ICI Pakistan Limited as a part of the Yunus Brothers Group (YBG). ICI Pakistan Limited remains focused on creating greater value for all stakeholders through its brand promise, Cultivating Growth.

### Lucky Air (Private) Limited

Lucky Air (Private) Limited was incorporated in Pakistan on September 7, 2012 as a Private Limited Company. The objective of the Company is to operate passenger and cargo aircrafts for private as well as commercial use in Pakistan and internationally after obtaining the required permissions from government departments as applicable.

### Lucky Commodities (Private) Limited (LCPL)

Largest South African coal supplier in Pakistan, Lucky Commodities, a trading arm of the Yunus Brothers Group (YBG), is the largest supplier of South African coal in Pakistan.

Founded on three core values; integrity, quality and reliability, aim to provide exceptional customer service with utmost dedication and efficiency. These key values have served well in maintaining long-standing client relationships.

### YB Holdings (Private) Limited (YBHPL)

Y.B. Holdings (Private) Limited was incorporated in Pakistan in the year 2013 as a group Holding Company. The Company invests mainly in its group companies and has a diverse portfolio in building materials, textiles, energy, chemical, trading, food and real estate.

### Lucky Electric Power Company Limited (LEPCL)

LEPCL is formed as an IPP under Government of Pakistan Power policy. The Company is fully owned by LCL Holdings Limited and is in the process of setting up 660 MW Super Critical Power Project on Port Qasim using Thar Lignite.





# geographical spread

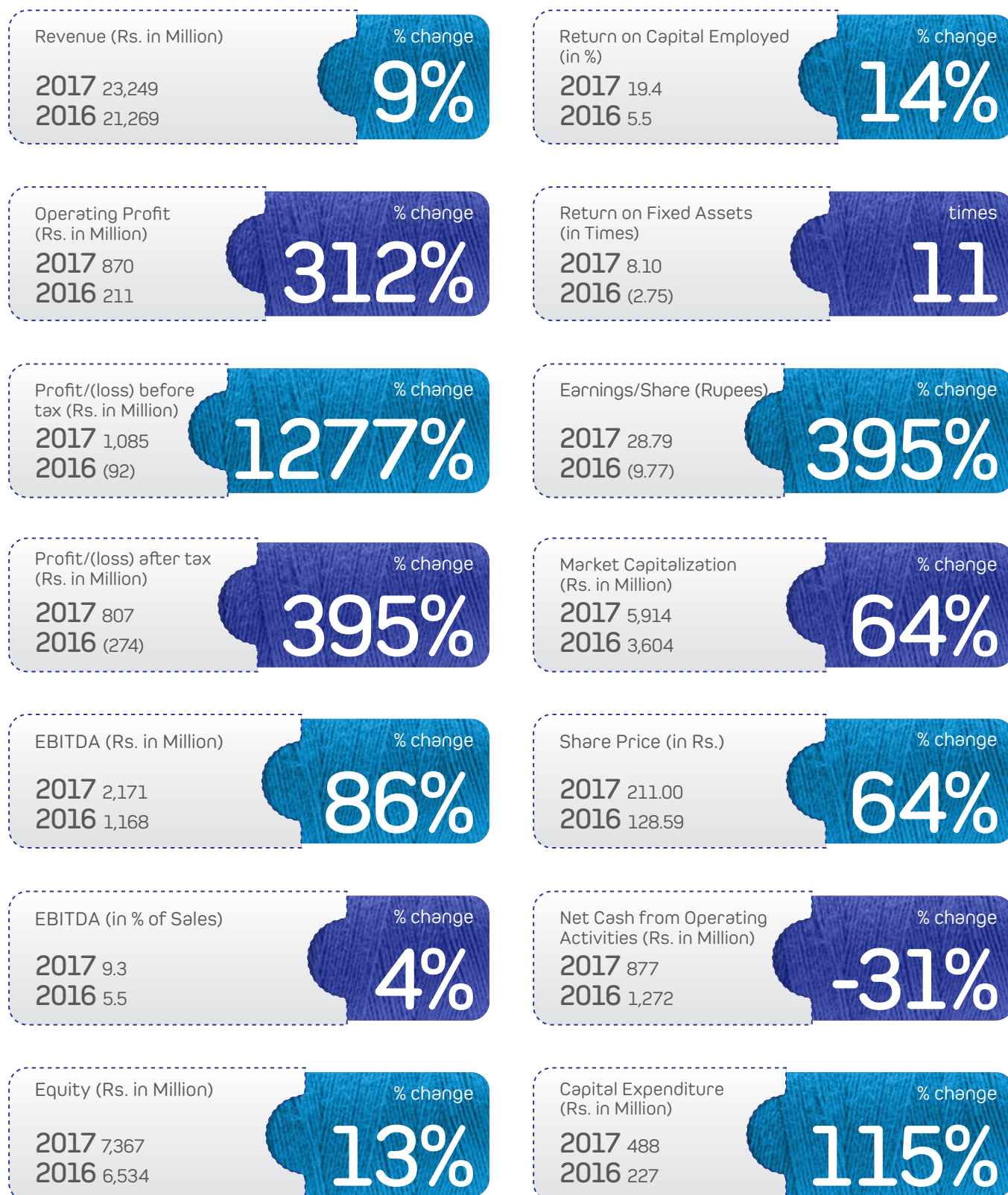


- Dominican Republic
- Turkey
- Guatemala
- Honduras
- Portugal
- Belgium
- Italy
- Poland
- Egypt
- USA
- Pakistan
- China
- Vietnam
- Hong Kong
- Taiwan
- Korea
- Japan
- Indonesia

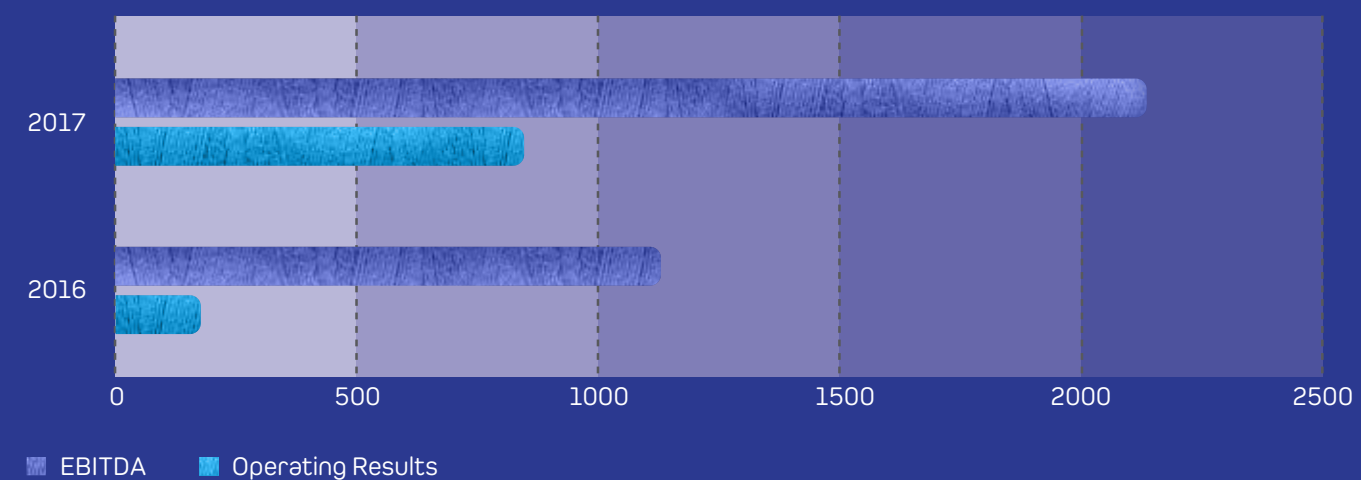
 Manufacturing Plant

 Major Market

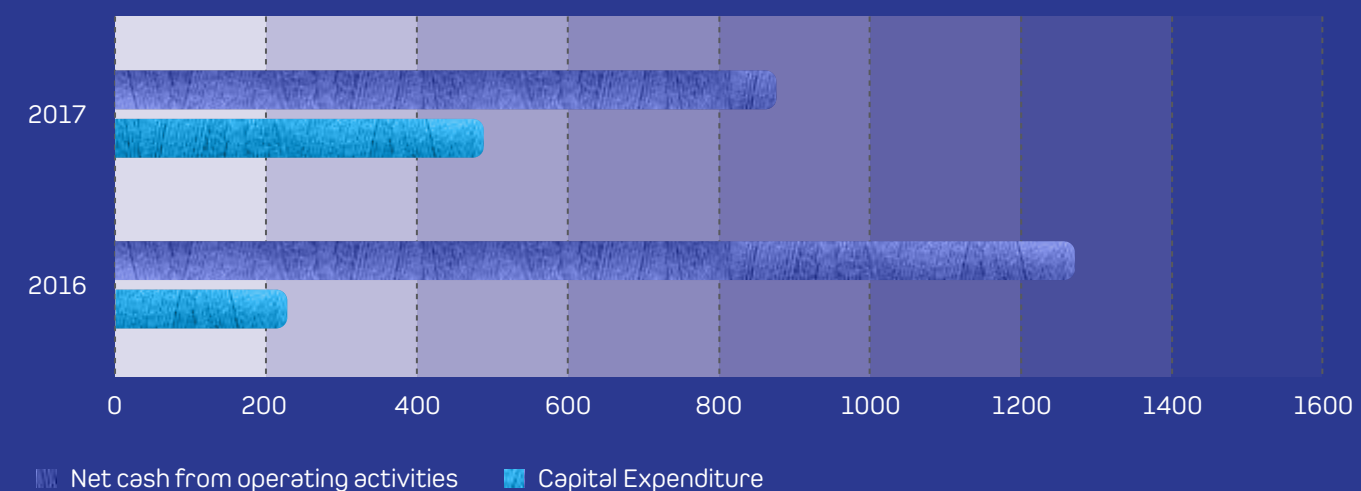
# key performance indicators



Operating Results and EBITDA  
Rs. in Million



Operating Cashflows and Capital Expenditure  
Rs. in Million

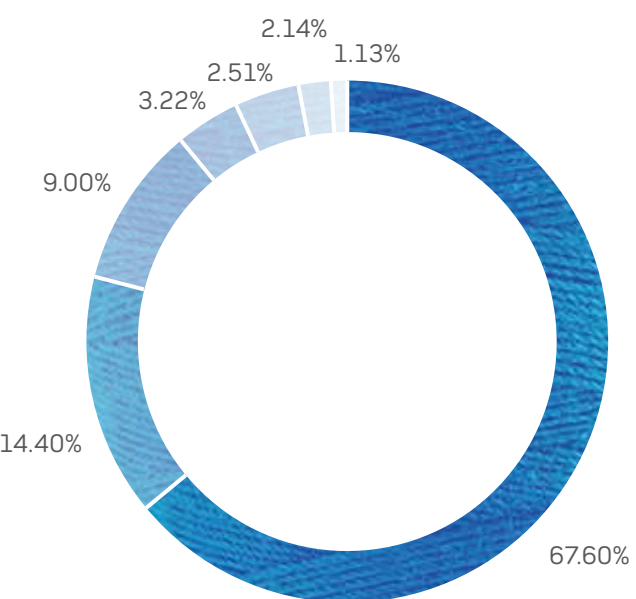




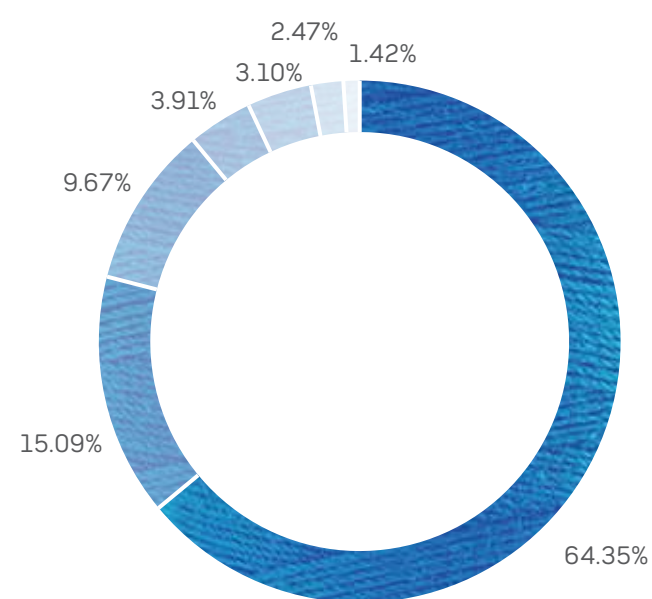
## analysis of costs

	2017		2016	
	Rs. in '000	%	Rs. in '000	%
Raw Material	15,252,169	67.60%	13,009,669	64.35%
Salaries & Wages	2,030,634	9.00%	1,955,076	9.67%
Store & Spares	566,263	2.51%	626,252	3.10%
Packing Material	481,821	2.14%	498,457	2.47%
Fuel and Power	3,249,174	14.40%	3,049,830	15.09%
Depreciation	726,311	3.22%	789,825	3.91%
Others	255,531	1.13%	287,724	1.42%
	<u>22,561,903</u>	<u>100.00%</u>	<u>20,216,833</u>	<u>100.00%</u>

2017



2016

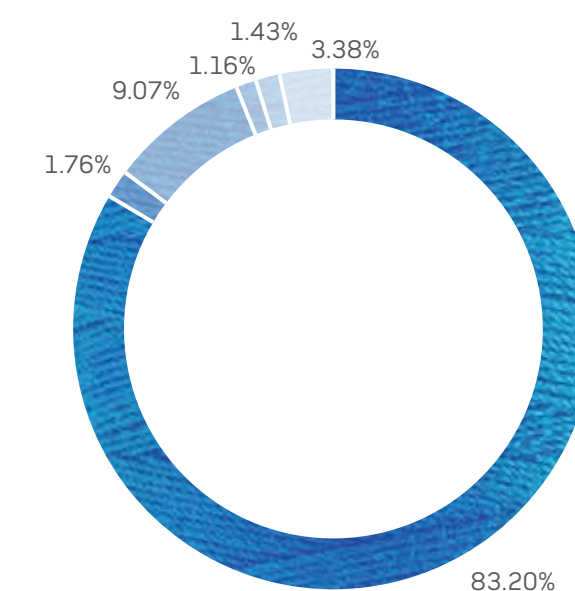


■ Raw Material   
 ■ Fuel & Power   
 ■ Salaries & Wages   
 ■ Depreciation  
■ Store & Spares   
 ■ Packing Material   
 ■ Others

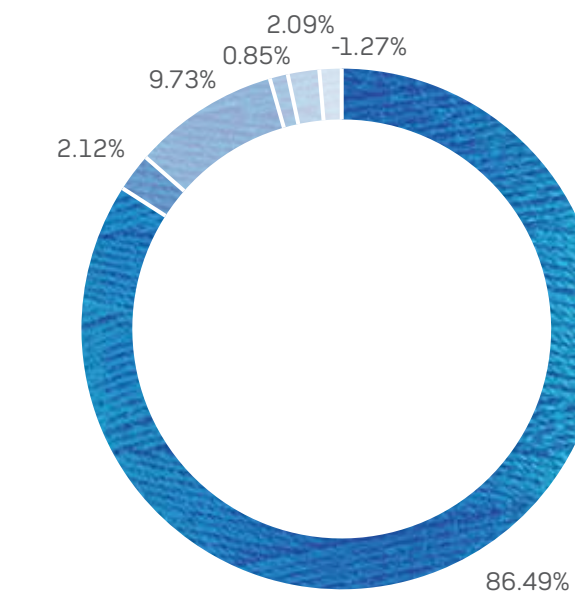
## statement of value additions and its distribution

	2017		2016	
	Rs. in '000	%	Rs. in '000	%
<b>Wealth Generated</b>				
Net Sales	23,248,578	97.29%	21,269,477	98.96%
Other operating income	646,391	2.71%	223,139	1.04%
	<u>23,894,969</u>	<u>100.00%</u>	<u>21,492,616</u>	<u>100.00%</u>
<b>Wealth Distribution</b>				
Cost of Sales	19,880,282	83.20%	18,588,208	86.49%
Administrative, Distribution and Others	420,328	1.76%	455,237	2.12%
Employees	2,166,820	9.07%	2,092,159	9.73%
Government Taxes	277,952	1.16%	181,681	0.85%
Financial Charges	342,601	1.43%	449,176	2.09%
Distribution within business	806,986	3.38%	(273,845)	(1.27%)
	<u>23,894,969</u>	<u>100.00%</u>	<u>21,492,616</u>	<u>100.00%</u>

2017



2016



■ Cost of Sales   
 ■ Administrative, Distribution and Others,   
 ■ Employees  
■ Government Taxes   
 ■ Financials charges   
 ■ Distribution within business



# rewarding vision

## Vision

To be the textile manufacturer of first choice for customers at home and abroad, doggedly pursuing for sustained leadership in the markets where it competes and making its valuable contribution in the country's exports.

## Mission

Our mission is to manage a textile business entity aimed at producing quality yarns through innovative technology and effective resource management, maintaining high ethical and professional standards and coming up to the expectations of all our customers.

We persevere to achieve the highest possible operating efficiencies and lowest costs and expand the business through selective expansion so that we are able to deliver maximum value to stakeholders.

## Values

- Total Quality Management
- Ethical Practices
- Environmentally Conscious
- Innovation



# objectives

## Overall Strategic Objectives

- To contribute effectively as a corporate entity and play a vital role in flourishing the country's economy;
- To be the premier textile manufacturer for customers home and abroad; by producing high quality yarn;
- To further reinforce our strengths and deliver maximum utility to our stakeholders, by investing in diversified businesses and aiming to exploit the untapped markets;
- To acquire and implement innovative technology and techniques in order to enhance the overall productivity of the company;
- To maintain high ethical and professional standards, and provide a healthy working environment for our employees;
- To promote awareness and encourage best customs to support environmental sustainability.

## Management Objectives

### Objective 1

Sustain industry leadership

#### Strategy

Planned and regular up-gradation of production facilities; timely deployment of the latest technological advancements and manufacturing techniques to maximize overall efficiencies and production of customer centric product.

#### Priority

High

#### Status

Ongoing Process – Targets for the year achieved

### Opportunities / Threats

Opportunities / Threats: Enables GTML to stay ahead of its' competitors, and helps achieve economies of scale in the long run. Planned up-gradation helps the Company in ensuring minimum production downtime. However, the process of up-gradation and maintenance does result in high monetary costs initially.

### Objective 2

Sales maximization and Global Footprint

#### Strategy

Maximize sales by exploring and entering new markets, hence increasing the global footprint of the Company.

#### Priority

High

#### Status

Ongoing Process

### Opportunities / Threats

Increased globalization, coupled with Government's foreign policies (GSP+, etc.) status given to Pakistan pave way for exploring and entering in new global markets. The Government incentivized regional competitors pose a threat to the entire sector, as well as issues, distinctly related to power, tariff, incentive schemes and increased conversion costs would impede progress in the long run if not dealt by the Government with high priority.

### Objective 3

Diversify Risks and Provide Maximum return to Shareholders by Identifying and Investing in Diversified Businesses

#### Strategy

Evaluating diversified business opportunities to invest in.

### Priority

High

### Status

Ongoing Process

### Opportunities / Threats

Diversifying into new avenues of business is a strategic decision that comes with high costs both in terms of capital expenditure as well as human capital requirements. Given the strong financial standing and experienced management pool, GTML regularly searches for opportunities to invest and diversify its investments and risks, thus ensuring maximum value for its shareholders.

### Objective 4

Create and achieve overall business synergies by maintaining operational efficiencies

#### Strategy

Constantly monitor the business processes and look for ways to make the overall process lean and efficient.

### Priority

High

### Status

Ongoing process – Targets for the year achieved.

### Opportunities / Threats

The Company strongly believes in the notion of continuous improvement and focuses on ways to improve overall efficiencies. Sometimes this requires employment of unorthodox practices and therefore the Company invests substantially in the training and development of both staff and senior management.

## Significant Changes in Objectives and Strategies

The business objectives and strategies of the Company are a result of extensive planning and benchmark practices. In order to measure the Company's performance against the stated objectives, our management regularly monitors certain Critical Performance Indicators, which can be looked upon in detail under 'CE Review' section of Annual Report, no significant changes have occurred during the year to affect our course of action for achievement of these objectives.

## Relationship between the Company's Results and Management's Objectives

The overall objectives set by the management are influenced by a variety of factors that includes strategic, commercial, operational and financial risks such as Government Policies, increase in prices of raw material and sluggish market demand. These risks have been explained in detail in the "RISK AND OPPORTUNITY" section of the Annual Report 2017.





# our road to success

During the past twenty-nine years we have grown exponentially, yet it is true that every milestone that we have achieved has only made us dream bigger, aim higher, and challenge ourselves to set unprecedented standards in the industry.




The Company started commercial production by producing Poly/Cotton yarn with 14,400 spindles. Number of spindles increased to 64,800

1990-1995




Number of spindles increased to 128,160  
Introduced "Compact Spinning" with 15,840 spindles for the first time in Pakistan

1995-2000



Pioneered and set up "Jet Spinners" in the country  
Replaced diesel generators with gas generators  
Acquired two gas generators  
Number of spindles increased to 194,392  
Acquired 14 acres of land for erecting additional sheds and underground water reservoir

2000-2005




Set up an additional production facility at Karachi  
Performed marvelously despite the global financial meltdown

2005-2010



Planned investment in environment-friendly 50 MW Wind Power Project  
Started commercial operations at Karachi Plant and increased capacity to 245,000 spindles  
Acquired assets of another textile mill located in Gadoon Amazai Industrial Estate  
Invested in shares of ICI Pakistan Limited  
Acquired new electric generators based on natural gas to enhance generation capacity

2010-2015



Investment in diversified business avenues has started to reap its benefits

2016-2017

# rewarding leadership

## board of directors & ceo

Under the direction of our sage and astute leaders, we have successfully marshalled the drive and passion of our people towards the road of prosperity.

Our Board of Directors and CEO have played a pivotal role in transforming GTML throughout the course of its operations; they have led GTML from the front and at the same time have stayed by their workforce through thick and thin. Their resolve for achieving excellence and staying by their employees is what drives GTML. Every day. Each moment.







## Mr. Muhammad Yunus Tabba

Chairman

Mr. Muhammad Yunus Tabba started his over forty-three years long career with YBG, as one of its founding members and has seen it rise through the ranks, against all odds. With his expertise and diversified experience, he has taken YBG to a level which is appreciated by both local and international business communities. He has also been awarded “Businessman of the Year” by the Chambers of Commerce several times during his career.

Under his leadership, the Group has achieved considerable breakthroughs and has received many awards from local and international institutions.

## Directorships

Asrit Kedam Hydro Power Project Limited  
 Aziz Tabba Foundation (Trustee)  
 Fashion Textile Mills (Private) Limited  
 Gadoon Textile Mills Limited  
 LCL Holdings Limited  
 LCL Investment Holdings Limited  
 Lucky Air (Private) Limited  
 Lucky Cement Limited  
 Lucky Electric Power Company Limited  
 Lucky Energy (Private) Limited  
 Lucky Textile Mills Limited  
 Lucky Wind Power Limited  
 Security Electric Power Company Limited  
 Y.B. Holdings (Private) Limited  
 Y.B. Pakistan Limited  
 Yunus Energy Limited  
 Yunus Textile Mills Limited  
 Yunus Wind Power Limited



## Mr. Muhammad Sohail Tabba

Chief Executive

Muhammad Sohail Tabba is a leading businessman in Pakistan with vast experience in the manufacturing, energy, real estate and cement sectors gained during an illustrious career spanning over two decades.

His association with the Yunus Brothers Group (YBG), one of the largest export houses of Pakistan, has successfully transformed the group’s textile concerns into leading global players. These concerns include such names as Gadoon Textile Mills Limited and Lucky Knits Private Limited, where he serves as Chief Executive, and Yunus Textile Mills Limited and Lucky Textile Mills Limited where he serves as a Director on the Board.

Muhammad Sohail Tabba is also the Chief Executive of Lucky Energy Private Limited and Yunus Energy Limited in addition to Lucky One Private Limited. He is the Chairman of Lucky Paragon Readymix Concrete and a Director on the Board of Lucky Cement Limited – Pakistan’s leading cement manufacturer and exporter. In December 2016, Mr. Sohail Tabba was appointed as a Director on the Board of Kia Lucky Motors Pakistan Limited (a subsidiary of Lucky Cement Limited).

Mr. Sohail Tabba was appointed as a Non-Executive Director on the Board of ICI Pakistan Limited on December 28, 2012, and appointed as the Chairman of the Board of Directors of ICI Pakistan Limited on April 29, 2014.

Mr. Tabba’s philanthropic and social engagements include being the founding member of the Child Life Foundation and the Italian Development Council. He also serves as a Director for the Tabba Heart Institute and the Aziz Tabba Foundation. He has also previously served on the Board of Governors at Hamdard University Pakistan.

## Directorships

Asrit Kedam Hydro Power Project Limited  
 Aziz Tabba Foundation (Trustee)  
 Childlife Foundation (Trustee)  
 Cirin Pharmaceuticals (Private) Limited  
 FITE Development & Management Company  
 Gadoon Textile Mills Limited  
 ICI Pakistan Limited  
 Kia Lucky Motors Pakistan Limited  
 LCL Holdings Limited  
 LCL Investment Holdings Limited  
 Lucky Air (Private) Limited  
 Lucky Al Shumookh Holdings Limited  
 Lucky Cement Limited  
 Lucky Commodities (Private) Limited  
 Lucky Electric Power Company Limited  
 Lucky Energy (Private) Limited  
 Lucky Exim (Private) Limited  
 Lucky Entertainment (Private) Limited  
 Lucky Foods (Private) Limited  
 Lucky Holdings Limited  
 LuckyRawji Holdings Limited  
 Lucky Knits (Private) Limited  
 Lucky Landmark (Private) Limited  
 Lucky Paragon Readymix Limited (Chairman)  
 Lucky Textile Mills Limited  
 LuckyOne (Private) Limited  
 Lucky Wind Power Limited  
 Nyumba Ya Akiba S.A.  
 Security Electric Power Company Limited  
 Y.B. Holdings (Private) Limited  
 Y.B. Pakistan Limited  
 Yunus Energy Limited  
 Yunus Textile Mills Limited  
 Yunus Wind Power Limited



## Mr. Muhammad Ali Tabba

Director

Mr. Muhammad Ali Tabba is the Chief Executive Officer of LCL, succeeding his late father, Mr. Abdul Razzak Tabba in 2005, and started his career with YBG. He serves as the Chief Executive of YTML, a state-of-the-art home textile mill with subsidiaries in North America and Europe. Simultaneously spearheading both these organizations, he also plays a pivotal role in providing strategic vision to ICI Pakistan Limited as its Vice Chairman.

He is also a Trustee of the Fellowship Fund for Pakistan (FFFP) which sends a top Pakistani Scholar every year to Woodrow Wilson International Center for Scholars, a Think Tank based in Washington D.C. Additionally, he is a board member of Pakistan Business Council (PBC), a business advocacy forum comprising of leading private sector businesses. He has been nominated on the board of Pakistan - India Joint Business Council (PIJBC), which promotes trade between the two countries.

He is also serving as the Chairman of All Pakistan Cement Manufacturing Association (APCMA) and has also been appointed by the Government of Pakistan to serve on the Board of Directors of Oil and Gas Development Company (OGDC). He also serves on the Board of Trade Development Authority of Pakistan.

With extensive engagements in many community welfare projects, he serves on the Board of Governors at numerous renowned universities, institutions and foundations. He is the Vice Chairman of a Not-for-Profit Organization, Aziz Tabba Foundation.

In recognition of his outstanding services and contributions in the social development sector of Pakistan, World Economic Forum (WEF) in 2010 bestowed the title of Young Global Leader (YGL) to him. He is also the recipient of Businessman of the Year gold medal award for 2012-2013 from Karachi Chamber of Commerce.

## Directorships

Al-Mubrooka Cement Manufacturing Co Limited  
All Pakistan Cement Manufacturer Association  
Asrit Kedam Hydro Power Project Limited  
Aziz Tabba Foundation (Trustee)  
Cirin Pharmaceuticals (Private) Limited  
Fashion Textile Mills (Private) Limited  
Gadoon Textile Mills Limited  
ICI Pakistan Limited  
Karachi Education Initiative  
Kia Lucky Motors Pakistan Limited  
LCL Holdings Limited  
LCL Investment Holdings Limited  
Lucky Air (Private) Limited  
Lucky Al Shumookh Holdings Limited  
Lucky Cement Limited  
Lucky Commodities (Private) Limited  
Lucky Electric Power Company Limited  
Lucky Energy (Private) Limited  
Lucky Exim (Private) Limited  
Lucky Entertainment (Private) Limited  
Lucky Foods (Private) Limited  
Lucky Holdings Limited  
Lucky Knits (Private) Limited  
Lucky Landmark (Private) Limited  
Lucky Paragon Readymix Limited  
Lucky Rawji Holdings Limited  
Lucky Textile Mills Limited  
LuckyOne (Private) Limited  
Lucky Wind Power Limited  
NutriCo Pakistan (Private) Limited  
NutriCo International (Private) Limited  
NutriCo Morinaga (Private) Limited  
Nyumba Ya Akiba S.A.  
Oil & Gas Development Company Limited  
Pakistan Business Council  
Pakistan International Airlines Corporation Limited  
Security Electric Power Company Limited  
Trade Development Authority of Pakistan  
Triple Tree (Private) Limited  
Y.B. Holdings (Private) Limited  
Y.B. Pakistan Limited  
Yunus Energy Limited  
Yunus Textile Mills Limited  
Yunus Wind Power Limited



## Mr. Imran Yunus

Director

Mr. Imran Yunus is the Joint Chief Executive of one of the renowned textile companies in Pakistan and manages the administrative function of its units located in various parts of Karachi. Mr. Imran Tabba has contributed significantly in the performance of the companies where he serves as a director on the board.

## Directorships

Aziz Tabba Foundation (Trustee)  
Gadoon Textile Mills Limited  
Lucky 1888 Mills Pakistan (Private) Limited  
Lucky Energy (Private) Limited  
Lucky Entertainment (Private) Limited  
Lucky Paragon Readymix Limited  
Lucky Textile Mills Limited  
Lucky Wind Power Limited  
Security Electric Power Company Limited  
Y.B. Holdings (Private) Limited  
Y.B. Pakistan Limited  
Yunus Energy Limited  
Yunus Textile Mills Limited  
Yunus Wind Power Limited





## Mr. Jawed Yunus Tabba

Director

Mr. Jawed Tabba has a rich experience in the textile industry and is currently the Chief Executive and Director of Lucky Textile Mills Limited, which is among top five Home Textile Exporters from Pakistan. Lucky Textile Mills has been a story of rapid expansion and diversification in the textile industry under Mr. Jawed's leadership and guidance. His untiring efforts helped him acquire deep insight and expertise into the export and manufacturing activities. Mr. Jawed has been instrumental in managing the textile concerns of the Yunus Brothers Group. He is also the Chairman of the Shares Transfer Committee of the Board of Lucky Cement Limited.

Moreover he is also managing the Real Estate Project LuckyOne, which is the Largest Mall in Karachi. LuckyOne is currently touted as a multi-faceted- first of its kind regional shopping mall which is revolutionizing the shopping experience in Pakistan. Mr. Jawed Tabba is also extensively engaged in community welfare projects which include the Aziz Tabba Foundation, the foundation is working extensively in the field of social welfare, education, health and housing.

## Directorships

Asrit Kedam Hydro Power Project Limited  
 Aziz Tabba Foundation (Trustee)  
 Gadoon Textile Mills Limited  
 ICI Pakistan Limited  
 Kia Lucky Motors Pakistan Limited  
 Lucky 1888 Mills Pakistan (Private) Limited  
 Lucky Cement Limited  
 Lucky Energy (Private) Limited  
 Lucky Entertainment (Private) Limited  
 Lucky Landmark (Private) Limited  
 Lucky Textile Mills Limited  
 LuckyOne (Private) Limited  
 Lucky Wind Power Limited  
 Security Electric Power Company Limited  
 Y.B. Holdings (Private) Limited  
 Y.B. Pakistan Limited  
 Yunus Energy Limited  
 Yunus Textile Mills Limited  
 Yunus Wind Power Limited



## Mrs. Mariam Tabba Khan

Director

Mrs. Mariam Tabba Khan, took over Not-For-Profit Tabba Heart Institute (THI) as Chief Executive Officer on 2nd of June, 2005, immediately after the sad and sudden demise of her philanthropist father Mr. Abdul Razzak Tabba. Although she had acquired a master's degree, MBA, she was not involved in her father's business ventures in his lifetime. But after his death she took the challenge of establishing and running the state-of-the-art Tabba Heart Institute. The hospital is serving both affording and non-affording patients, with dedication, attentiveness and commitment, maintaining a high standard of professionalism and humanistic care with respect, sincerely and transparency, in her leadership. The hospital, an ISO 9001 and ISO 14001 Certified Facility, is recognized by College of Physicians & Surgeons Pakistan (CPSP) for imparting post-graduate training in Cardiology, Cardiothoracic surgery, Interventional Cardiology and Cardiothoracic Anesthesia. Also, THI is giving a Diploma in Cardiac Nursing, recognized by Pakistan Nursing Council (PNC).

## Directorships

Aziz Tabba Foundation (Trustee)  
 Asrit Kedam Hydro Power Project Limited  
 Fashion Textile Mills (Private) Limited  
 Gadoon Textile Mills Limited  
 Kia Lucky Motors Pakistan Limited  
 LCL Holdings Limited  
 LCL Investment Holdings Limited  
 Lucky Air (Private) Limited  
 Lucky Cement Limited  
 Lucky Energy (Private) Limited  
 Lucky Holding Limited  
 Lucky Paragon Readymix Limited  
 Lucky Textile Mills Limited  
 Lucky Wind Power Limited  
 Security Electric Power Company Limited  
 Y. B. Pakistan Limited  
 Y. B. Holdings (Private) Limited  
 Yunus Energy Limited  
 Yunus Textile Mills Limited  
 Yunus Wind Power Limited



### Mrs. Zulekha Tabba Maskatiya

Director

Having pursued a Bachelor's degree in Management Sciences from the University of Warwick and a Master's degree in Management, Organizations and Governance from the London School of Economics and Political Science. Mrs. Zulekha Tabba Maskatiya has been an indispensable part of the business. She not only holds a prestigious position within the YBG but her educational background brings the values of business focus, corporate governance and social responsibility to the organization. In addition to this, she is also the Founder and the Creative Director of the luxury jewelry brand, Lazuli, based in Pakistan.

### Directorships

- Aziz Tabba Foundation (Trustee)
- Asrit Kedam Hydro Power Project Limited
- Gadoon Textile Mills Limited
- Lucky Cement Limited
- Lucky Textile Mills Limited
- Lucky Wind Power Limited
- Y.B. Holdings (Private) Limited
- Y.B. Pakistan Limited
- Yunus Energy Limited
- Yunus Textile Mills Limited
- Yunus Wind Power Limited



### Mr. Saleem Zamindar

Director

Mr. Saleem Zamindar has a Bachelor of Arts (BA) degree in Economics from Boston University, USA and a Master of Business Administration (MBA) from Durham University Business School, UK. He has over 22 years of experience across several countries in investment management, board level general management & international banking. He is a Certified company Director by the Pakistan Institute of Corporate Governance and additionally also holds the globally prestigious Certificate in Company Direction from the Institute of Directors (IoD) UK. He is an IFC Certified Trainer on Corporate Governance and is a member of the faculty of Pakistan Institute of Corporate Governance (PICG). Presently, he serves on the Board of Directors of several publicly listed & private limited companies. He is also the past President of the Rotary Club of Karachi, the largest and oldest Rotary Club in District 3271 and is a former member of the Managing Committee of the Karachi Boat Club and a current member of the Board of Governors of the Karachi Council on Foreign Relations.

### Directorships

- Gadoon Textile Mills Limited
- Pakistan Kuwait Investment Company (Private) Limited
- Shahtaj Textile Limited
- SSGC LPG (Private) Limited
- State Petroleum Refining & Petrochemical Corporation (Private) Limited
- Sui Southern Gas Company Limited
- Thatta Cement Company Limited



# board committees

## Audit Committee

Mr. Saleem Zamindar (Chairman)  
Mr. Muhammad Ali Tabba  
Mr. Jawed Yunus Tabba  
Mrs. Zulekha Tabba Maskatiya

## Terms of Reference

The Terms of Reference of Audit Committee were presented to the members as required under the Code of Corporate Governance and the same were approved by the Board. Accordingly, contents of the same are as under:

## Financial Reporting

- Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account views of the external auditor.
- Review of quarterly, half-yearly and annual financial statements of the Company prior to their approval by the Board of Directors, focusing on;
  - > Major judgmental areas, where different approaches are possible;
  - > Significant adjustments resulting from the audit;
  - > Going concern assumption;
  - > Any changes in accounting policies and practices, on a year by year basis;
  - > Compliance with applicable accounting standards;
  - > Compliance with listing regulations and other statutory and regulatory requirements; and
  - > Significant related party transactions.
- Review of preliminary announcements of results prior to publication.

## Internal Controls and Risk Management Systems

- Ensure the adequacy and effectiveness of the Company's internal control & risk management systems;
- Review and approve the statements to be included in the Directors' report about internal controls and risk management;

- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Determination of appropriate measures to safeguard the Company's assets and detection of frauds;
- Consideration of major findings as a result of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.

## Compliance

- Determination of compliance with relevant statutory requirements;
- Review the adequacy and security of the Company's arrangements for its employees and its contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof, receiving reports on non-compliance (if any).

## External Audit

- Consider and make recommendations to the board in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for a new auditor and, if an auditor resigns, the committee shall investigate the issues leading to his resignation and decide whether any action is required;
- Review the management letter and management's response to the auditor's findings and recommendations;
- Develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter;

- Facilitating the external audit and discussion with external auditors on major observations arising from half-yearly and annual review and audit respectively, including any matter that the auditors may wish to highlight (in the absence of management, where necessary).

## Reporting Procedure

- The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed;
- The committee shall produce a report on its activities to Board of Directors.

## Other Matters

- Be responsible for co-ordination of the internal and external auditors;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- Arrange for periodic reviews of its own performance and at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval;
- Consideration of any other issue or matter as may be assigned by the Board of Directors.

## Review of Terms of Reference

The terms of reference of the Committee may be revised and modified with the approval of the Board.

## Human Resource Committee

Mr. Jawed Yunus Tabba (Chairman)  
Mrs. Mariam Tabba Khan  
Mrs. Zulekha Tabba Maskatiya

## Terms of Reference

- To review and advise on the Human Resource policies of the Company and its revision from time to time as and when necessary;
- To determine the remuneration and terms of service of the Chief Executive and other non-board Directors of the Company including their performance benefits and other benefits such as gratuity, cars/car allowances and other contractual terms;
- To ensure that the best practices are adopted by the management of the Company with emphasis that:
  - > The people of appropriately high ability and caliber are recruited, retained and motivated by offering market competitive packages;
  - > Clear statement of job description and responsibilities for each individual position are defined for proper performance measurement;
  - > Performance evaluation process/mechanism are in place and carried out annually;
  - > Market competitive pay scales of comparable size and turnover of companies are determined through independent sources and compared with Company's existing pay scale;
  - > To review and advice on the training, development and succession planning for the senior management of the Company;
  - > To devise a mechanism for the approval of HR related policies of the Company; and
  - > To recommend any matter of significance to the Board of Directors.

## Review of Terms of Reference

The terms of reference of the Committee may be revised and modified with the approval of the Board.

# report of the audit committee

The Audit Committee comprises of four non-executive directors, and the Chairman of the Committee is an independent director.

The Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended June 30, 2017 and reports that:

- Five meetings of the Audit Committee were held during the year 2016-17;
- The Audit Committee reviewed quarterly, half yearly and annual financial statements of the Company and recommended the approval for Board of Directors;
- The Chief Executive Officer (CEO) attended Audit Committee meetings by invitation whereas the Chief Financial Officer (CFO) and the Chief Internal Auditor (CIA) also attended the Audit Committee meetings;
- The CIA has direct access to the Chairman of the Audit Committee and its members;
- The CIA reports functionally to the Audit Committee and carries out the audits of different functions based on the Annual Audit Plan;
- The Audit Committee reviewed the internal audit reports presented by CIA which encompasses Audit findings, process improvement avenues and control weaknesses. A rating system is used on the basis of likelihood and impact and as a result, high to low risk rating is assigned. The high risk findings along with action items were agreed with the management;
- The Company's Code of Conduct has been disseminated across the organization. Appropriate accounting policies have been consistently applied. All core and other applicable IFRSs were followed in preparation of financial statements of the Company on a going concern basis for the financial year ended June 30, 2017, which represent fairly the state of affairs, results of operations, cash flows and changes in equity of the Company;

- The CEO and the CFO have endorsed the financial statements of the Company. They acknowledge their responsibility for true and fair presentation of Company's financial statements in compliance with regulations and applicable accounting standards;
- Accounting estimates are based on reasonable and prudent judgement. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholder needs;
- The Audit Committee has reviewed the related party transactions and recommend for the approval of the BOD;
- The Company's system of internal controls is designed to manage and minimize the risk of not achieving business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

# calendar of corporate events

## Notable Events For The Financial Year

BOD Meeting for Yearly Accounts - 2016	September 2, 2016
BOD Meeting for first quarter ended September 30, 2016	October 27, 2016
Annual General Meeting - 2016	October 29, 2016
BOD Meeting for half year ended December 31, 2016	January 27, 2017
BOD Meeting for third quarter ended March 31, 2017	April 27, 2017
BOD Meeting for Yearly Accounts - 2017	August 3, 2017

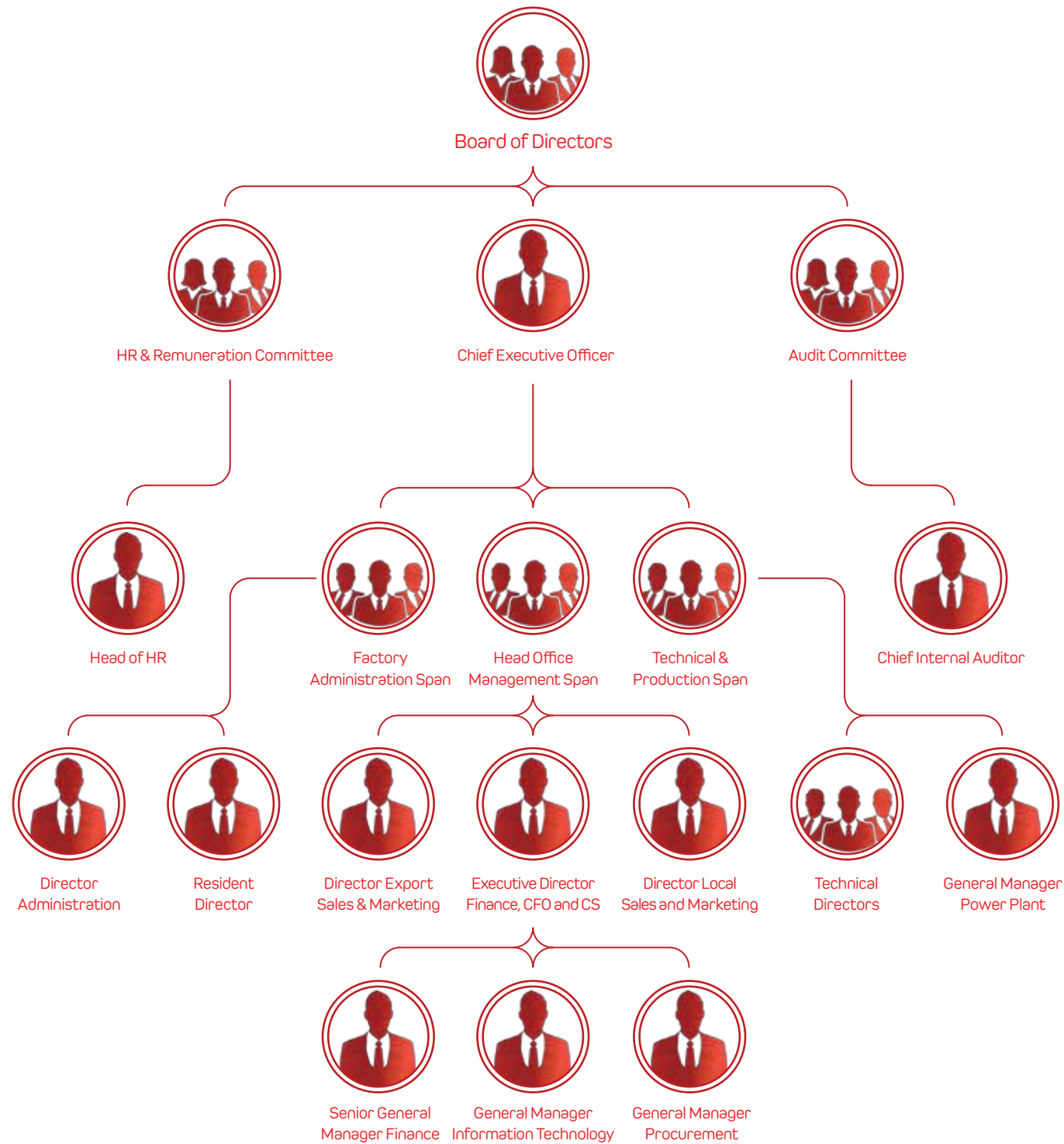
## Tentative Dates for Next Financial Year

Annual General Meeting - 2017	September 28, 2017
BOD Meeting for first quarter ending September 30, 2017	October 27, 2017
BOD Meeting for half year ending December 31, 2017	January 26, 2018
BOD Meeting for third quarter ending March 31, 2018	April 27, 2018
BOD Meeting for Yearly Accounts - 2018	July 27, 2018





# organizational chart



# senior management

## Head Office



**Mr. Muhammad Sohail Tabba**  
Chief Executive Officer



**Mr. Abdul Sattar Abdullah**  
Executive Director Finance, CFO and CS



**Mr. Imroz Iqbal**  
Director Export Sales and Marketing



**Mr. Salam Chottani**  
Director Local Sales and Marketing



**Mr. Haji Muhammad Mundia**  
Chief Internal Auditor

## Gadoon Amazei Plant



**Mr. Viqar Ahmed Khan**  
Director Administration



**Mr. Iftikhar Ahmed**  
Director Technical



**Mr. Mohammad Nadeem Riaz**  
Director Technical



**Mr. Shafqat Mumtaz Ahmed**  
Director Technical



**Mr. Asad Ansari**  
General Manager Power Plant

## Karachi Plant



**Mr. Tahir Saleem**  
Executive Director Technical



**Mr. Akhtar Kamdar**  
Resident Director



## ceo's message

We strongly believe in continuous improvement and this is well reflected in the measures taken by the Company to align itself with the ever-changing dynamics of the industry.

Alhamdulillah, this fiscal year marks the twenty-ninth year of prosperous operations of Gadoon Textile Mills Limited. Advancing on the road to success can be sourced back to our determined leaders and their team whose continuous efforts, together frames this Company.

I am pleased to inform that your Company has shown impressive turnaround during the current year, after sustaining losses for two consecutive years. This performance was achieved by implementing measures to minimize increasing conversion cost, strengthening our sales mix, by achieving operational excellence and strategic decisions to diversify our portfolio by investing in profitable business segments.

We remain persistent to our commitment of investing back in the society and community we operate in; this is evident from the CSR activities that we conducted this year too. As a socially responsible entity, we are constantly exploring ways to minimize our waste and are taking all necessary steps to reduce its impact on the environment.

Looking ahead, high inventory levels, growing international price competition and increasing conversion cost continue to pose challenges for Company's profitability. However, Government's export rebate scheme and resilient Company's performance with the ever changing dynamics of the industry, provides confidence of sustained profitability for the shareholders of the Company in the coming years.

In the end, I would like to thank all our stakeholders who have stayed alongside us throughout our journey till date, and hope that the bond we share, continue to grow further in years to come.

**Muhammad Sohail Tabba**  
Chief Executive Officer



# rewarding excellence

## directors' report

### Dear Members

The Directors of your Company take pleasure in presenting before you the performance review together with the audit report and the financial statements of the Company for the year ended June 30, 2017.

### Overview

The Company's operations coupled with returns from strategic investments showed an impressive result this year. The year under review has not been the best of the years for Pakistan's export, in which total exports of the country have declined by 1.6% for the financial year 2017. However, your Company has managed its export business with a meager reduction of only 0.27%, showing positive trend in its effort towards exports.

Despite ferocious competition with Local and International competitors, your Company has managed to post a hefty net revenue of Rs. 23.2 billion, highest ever achieved by the Company since start of its operations. This fiscal year has witnessed sizeable increase of 9.3% in Sales despite shrinking profitability in the textile sector against the scenery of decline in growth and export witnessed in the overall industry.

This year too started off with depressing global trends and Local cotton could not meet its targeted production, whereby Import of Raw cotton has increased, which has created more challenge to compete in international markets. However, the management has proactively procured best mix of imported cotton from diverse sources in order to safeguard production requirements. Due to regional competition with Bangladesh, India and Vietnam, exports of the Company has declined by 0.27%, however, capitalizing on its reputation built over years, the Company shifted its efforts by penetrating in nearly every inch of the local market, thereby an increase of 14.63% in Local sales was recorded. As a result, your Company has been able to post a modest return of around Rs. 807 million.



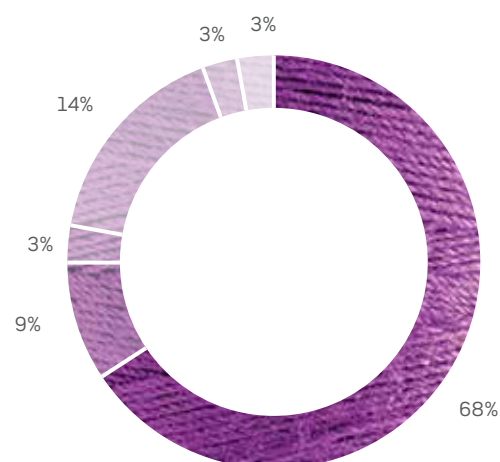
## Financial Results

A comparison of the key financial results of the Company for the year ended June, 30, 2017 is as under:

Profit and loss summary	June 30, 2017	June 30, 2016	Favorable/(Unfavorable) Percentage
	Rupees '000		
Export	7,582,955	7,603,470	(0.27)
Local	15,665,623	13,666,007	14.63
Sales (net)	23,248,578	21,269,477	9.30
Gross profit	1,337,662	726,192	84.20
Finance cost	(342,601)	(449,176)	23.73
Distribution expenses	(273,299)	(299,410)	8.72
Administrative expenses	(193,915)	(215,697)	10.10
Other income	646,391	223,139	189.68
Profit / (loss) before taxation	1,084,938	(92,164)	1277.18
Profit / (loss) after taxation	806,986	(273,845)	394.69
Earnings Per Share (Rs.)	28.79	(9.77)	

### Manufacturing Cost

- Raw materials consumed
- Salaries wages and benefits
- Stores consumed
- Power and fuel
- Depreciation
- Others



The major portion of cost of goods manufacture consists of Raw material 68% and power cost 14%, which has been the key concern for the management to control during this year too. In an effort to rationalize average production cost, management did procure wisely by procuring mix of Local and imported cotton and altered power consumption mix by greater use of natural gas against furnace oil, due to rising trend of furnace this year. The timely decision to alter the power mix of gas and furnace allowed the Company to avail the maximum benefit of the arbitrage opportunity.

Moreover, it is evident from the figures, that management is enjoying the benefits in the form of economies of scale, utilization of management expertise and rationalization of related cost. The Company has managed to contain administrative cost at Rs. 194 million, 10% lower as against Rs. 216 million SPLY.

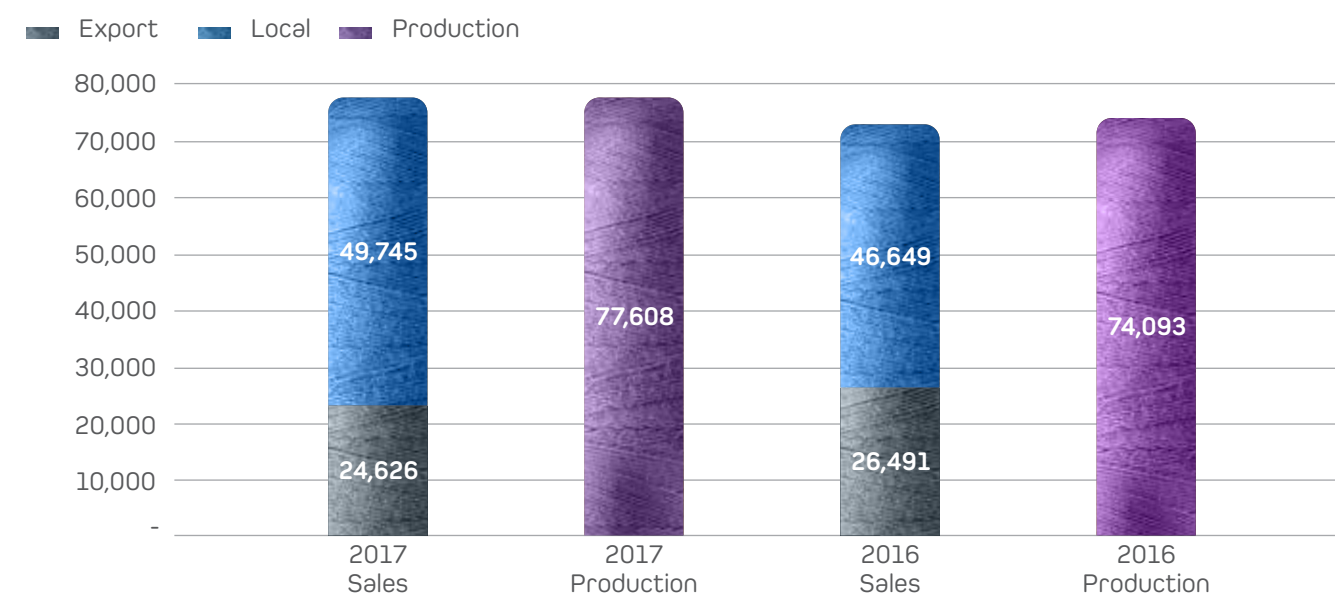
The management of your company has managed to maintain efficient portfolio of funds by reaping maximum benefits of lower benchmark rates prevalent in the country along-with minimum spreads due to exercise of greater bargaining power. This resulted in reduction of Finance cost by Rs. 107 million i.e. 24% against SPLY.

We realize at this juncture that our strategic decision to Invest in diversified avenues has been a very prudent

## Operational Performance

The production and sales statistics for the year ended June 30, 2017 and its comparison with SPLY is presented below:

Quantity in KGs ('000)



## Cash Flow Strategy

Your Company has an effective cash flow strategy in place. This comprehensive strategy has always empowered your Company in smooth settlement of its financial commitments and hope to cater any and every challenge that will come its way.

In compliance of the above, the management has put constant endeavors to rationalize borrowing cost and enjoy maximum benefits of declining local and foreign currency borrowing rates. This is done by managing a balanced portfolio of sources of funds and efficient

measure to minimize the effects of the cyclical and volatile textile Industry. The same can be witnessed from a material increase of Rs. 275 million in other income. Furthermore, during the year, government announced export package has also supported to the profitability of the Company by Rs. 148 million, thereby a net increase of Rs. 423 million can be witnessed in the financial results.

financing arrangements. In response to the current market condition, the Company has made a decision to limit its capital expenditure towards strategic avenues to augment economic efficiencies.

## Good Corporate Governance

The Directors of your Company are pleased to state that the Company is in compliance with the provisions of the Code of Corporate Governance as required by the Securities and Exchange Commission of Pakistan (SECP) and made part of the Regulations of the PSX Rule book.



As a part of the Compliance of the Code, we confirm the following:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. The system of internal controls is sound in design and is being effectively implemented and reviewed by internal audit function;
- IFRSs, as applicable in Pakistan, have been followed in preparation of financial statements and any departure thereof has been adequately disclosed;
- There is no significant doubt about the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the Regulations of PSX Rule book;
- We have an Audit Committee, the members of which are from the Board of Directors and the Chairman is an independent director;
- We have prepared and circulated a Statement of Ethics and Business Strategy amongst directors and employees;
- The Board has adopted a Mission Statement and a Statement of Overall Corporate Strategy; and
- As required by the Code, we have included the following information in this Report:
  - > Statement of pattern of shareholding;
  - > Statement of shares held by associated undertaking and related persons;
  - > Statement of the Board meetings held during the year and attendance by each director; and
  - > Key operating and financial statistics for the last 6 years.

## Attendance of Board Meetings

Attendance of Directors in BOD Meetings  
During the year 2016-17

Director's Name	Meetings Attended
Mr. Muhammad Yunus Tabba (Chairman)	4/4
Mr. Muhammad Sohail Tabba (C.E.O)	4/4
Mr. Muhammad Ali Tabba	4/4
Mr. Imran Yunus	3/4
Mr. Jawed Yunus Tabba	4/4
Mrs. Mariam Tabba Khan	3/4
Mrs. Zulekha Tabba Maskatiya	3/4
Mr. Saleem Zamindar	4/4

## Attendance Record of Audit Committee Meetings

Member's Name	Meetings Attended
Mr. Saleem Zamindar (Chairman)	5/5
Mr. Muhammad Ali Tabba	4/5
Mr. Jawed Yunus Tabba	5/5
Mrs. Zulekha Tabba Maskatiya	3/5

## Role of Chairman and CEO

Principally, Chairman is in charge of leadership of the Board and to guarantee that the Board plays a compelling part in satisfying every one of its duties. Whereas, Chief Executive Officer is an executive director and is responsible to act as the head of the Company.

### The Roles and Responsibilities of the Chairman include:

- Setting agendas for the board's consideration.
- Leading the board and discussing all proposals put forward by the executive team.
- Liaising and coordinating with sub-committee chairs.
- Identifying and participating in selection of the Board members and overseeing a formal succession plan for the Board, CEO, CFO and key senior management.

- Managing conflicts of interest and to maintain an effective team.
- Ensuring that good relations are maintained with the Company's strategic stakeholders.
- To ensure that stakeholders' trust and confidence is maintained in the company.

### The Roles and Responsibilities of the CEO include:

- Serving as Chief Representative of the Company.
- Overseeing the business operations and implementing the policies and strategies recommended and approved by the Board.
- Closely monitor the operating and financial results of the company against plans and budgets on a consistent basis.
- Ensuring that effective reporting mechanisms exist within the organization to provide feedback at all levels of management.
- Ensuring that the Company complies with all relevant laws and corporate governance principles and that these principles are recommended to and adopted by the Board to mitigate key risks.
- Setting the ethical tone in providing ethical leadership and creating an ethical environment.

## Performance Evaluation of Directors on the Board

The Board of Directors of your Company is a body of highly professional individuals. All Board members possess high calibre with diversified experience, in-depth business understanding and strategic thinking. The Board comprises of eight members including an independent director, having professional experience in various business disciplines.

The working of the Board is based on best business practices and is in line with the Code as defined by Securities and Exchange Commission of Pakistan (SECP). The Board has adopted a highly structured process to evaluate its own performance wherein individual Board members rate overall Board performance by responding to a series of performance evaluation questions. The responses of the directors are then

complied for a detailed discussion among the members. During the discussion, Board also evaluates its performance in fulfilling its fiduciary responsibilities, providing its leadership role, giving strategic direction and providing guideline to the management in compliance of policies and standards.

The Board has been proactive in setting up of committees with specific roles and responsibilities under Terms of References (ToRs). On an overall basis, Board performance of the Company has been highly satisfactory and the Board is cognizant of the fact that continuous improvement in its working is the basis of the Company's success.

## CEO Performance Evaluation

It has been a regular practice of the board members to evaluate the performance of the CEO and their recommendations are put forward to the Chairman. The performance of the CEO is evaluated on the basis of both qualitative and quantitative attributes, including but not limited to, overall company's financial performance, goal setting, leadership compliance and effective Governance.

Efforts for sustaining financial performance, increased customer base, stronger human capital and approaching new strategic avenues in the supply chain are some of the keystones of success of the CEO this year.

## Director's Training

The Directors of the Company are adequately trained to perform their duties, and are aware of their powers and responsibilities under the Companies Ordinance, 1984 and in the Regulations of PSX Rule book.

## Auditors

The present Auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants have completed the annual audit for the year ended June 30, 2017 and issued an audit report. The auditors will retire on conclusion of the Annual General Meeting of the Company and being eligible; have offered themselves for reappointment. As proposed by the Audit Committee, The Board recommends their appointment as auditors of the Company for the year ending June 30, 2018.

## Pattern of Shareholding

The pattern of shareholding and additional information as at June 30, 2017 is part of the Annual Report of your Company. Associated companies and public sector companies own 69.57%, Banks/Insurance Companies/Mutual Funds own 9.26%, Director's 0.09% and individuals own 21.08% of the entire shareholding.

## Future Outlook

With the decline in Pakistan's export including the Textile Sector, Government has announced the most awaited relief package of which Textile sector will get the largest share. Furthermore, in current year, the Government has also imposed anti-dumping duty on Import of yarn count above 55.5 in addition to allowing zero rating on local sales. These incentives will help create the demand for local market and support the economy in reducing the import bills, procurement of fine count locally by weavers on account of anti-dumping duty and make the export-oriented sectors competitive with other regional competitors. The Company appreciates such incentive schemes brought up by the Government and anticipates some supportive measures for upcoming year, which will also support in achieving overall growth targets foreseen by the Government.

We continue with our aim to expand our customer base and product portfolio further by investing in state of the art technological upgraded machineries and research & development for products enhancement.

In addition to maximize yield for stakeholders, management of your Company is consistently striving hard to explore viable opportunities in the value added textile chain and rationalize cost of existing operations in order to post favorable financial results in future.

Your Company has moved a step ahead in reducing its carbon footprint with the installation of waste heat recovery plant of 2 MW. Company's strategic investment in the ICI Pakistan and wind power project of Yunus Energy Limited (YEL) has started to reap its benefits. We anticipate that significant contribution from YEL's operation will uplift future prospects of the Company.

Overall, the Company's future prospectus looks very promising. The group is well placed to help achieve further success and provide value addition to all stakeholders.

We are committed to provide healthy, safe and promotive work environment to our employees for continuous learning. The company continues to employ skillful people irrespective of cultures and gender.

## Acknowledgements

The Directors record their appreciation of the performance of the Company's workers, staff and executives.

For and on behalf of the Board



**Muhammad Sohail Tabba**

Chief Executive

Karachi: August 03, 2017

# ce review

Dear Shareholders, GTML is well known as a trend setter in the industry it operates in. Besides being one of the largest spinning mills in Pakistan, we are also amongst the first ever spinners in the world to establish Core Spun Compact Yarn.

## Economic Standpoint

This Fiscal year 2016-2017 has been full of challenges, impacting the economy and performance of different sectors. According to Pakistan Economic Survey, the year under review witnessed higher volumes of nationwide activity in different sectors resulting in an increase in the GDP of 5.28% (2016: 4.7%). Specifically, the agriculture sector witnessed a growth of 3.46%.

Concurrently, our economy was also impacted due to the uncontrollable circumstances such as, weather conditions, energy break downs and political instability. Moreover, the uncertainty regarding the pending decision of GIDC and other innovative taxes, increased conversion costs adding to the difficulty level for the local manufacturers to compete in both local and international markets.

Likewise, projects like China Pakistan Economic Corridor (CPEC) will prove beneficial for the economy. According to IMF research on Pakistan Economic Program, "CPEC is contributing positively to the economy considering that it would enable our country to become the new trade hub for Central Asian Countries." Hence, development of Gwadar port and a series of energy projects will further augment the development of the national economy adding up to 10,400 megawatts of energy to the National Grid at its maturity.

Nevertheless, challenging global environment and declining exports are weighing on growth prospects.

The economy was also affected by the increase in the average inflation, which reached to 4.1% in FY 2016/17 (FY 2015-2016: 2.8 percent).

## Market Review

On the domestic side, the performance of textile industry was not as per expectations, including the spinning sector. Even though the Cotton Ginning Sector witnessed a growth of 5.59% compared to the negative growth rate SPLY of -22.12%. According to the Pakistan Economic Survey, the cotton output stood at 10.671 million bales registering an increase of 7.6% over the production of 9.917 million bales in FY 2015-16, lower than the set target of 14.1 million bales by a considerable margin.

Similarly on a worldwide scale, Pakistan's offer in textiles and apparel exchange was effected due to the creation of an uneven playing field by the regional competitors by virtue of providing preferential trade agreements and subsidies.

The policy structure still remains an area of distress, although there have been concerns on the long-term application of favorable Government policies which if applied to its full essence will reap benefit for the sector.

In order to achieve goals/targets set under the 'Textile Policy 2014-2019', the Government has further developed a comprehensive budgetary support program which provides assistance in all major areas. Fundamental features of the budgetary



support program include the Direct Cash Support of Rs. 40 billion and Concessions on Tax and Duty for Farmers of Rs.15 billion approximate.

The implementation of SRO 491(1)/2016 (amended SRO 1125(1)/2011) has been another supportive step by the government, as it includes the reintroduction of zero-rated sales tax to five export-oriented sectors. However, this 'no tax refund' policy excludes input tax on packaging material resulting in the increment of overall cost of a product.

In addition to this, since, fertilizer plays a crucial part in the agricultural sector, the cut down in the prices of Urea from Rs.1800 to Rs.1400 may encourage farmers to expand cotton production.

However, the predicament is the lack of research and development done by the government for cotton sowing and keeping the farmers well-informed regarding any setback that can potentially occur. This can be evident from the fact that farmers are reluctant to sow cotton crop as there has been a slight decrease in the intention of the farmers to sow cotton following the last year's losses.

### Financial and Operational Performance

GTML was able to sustain its financial results due to factors including; increased purchasing power, reduced overheads, revenue synergies from increased product portfolio, and Cost synergies in terms of economies of scale. Moreover, Customer base and sharing of distribution channels also acted as a supportive step.

Also due to the persistent effort of management, the company was able to meet its objectives for the year 2017.

### Distinctive Traits

Following are the vital aspects that give us an edge over our competitors:

#### Market Dominance

GTML is well known as a trend setter in the industry it operates in. Besides one of the largest spinning mills in Pakistan, we are also amongst the first ever spinners in the world to establish Core Spun Compact Yarn.

GTML also enjoys the privilege of being the first ever compact spinner in Pakistan and is highly regarded as one of the best compact spinners around the globe. It is the only mill in the country to offer each Count as Compact Yarn, i.e.: NE 2/1 Compact to NE 200/1 Compact.

#### Economies of Scale

Being a pioneer GTML derives benefits from economies of scale over its competitors. The exceptionally capable management consistently screens the occurrence of cost and searches for approaches that will build effectiveness and further rationalizes the operating cost.

#### Energy efficiency

Energy efficiency paves way towards achieving a sustainable future. GTML has taken several different initiatives to play an active role in conserving energy. We have successfully acquired state-of-the-art Waste Heat Recovery Plant. This would enable the Company to substantially reduce its costs and also ensure a greener environment by substantially reducing carbon foot prints. In addition to it, GTML also ensures the maximum Utilization of daylight for it feasible and workable environment.

Another important factor that aids in this regard is the uninterrupted supply of electricity. GTML has its own in-house power plant, which satisfies the energy requirements of the Company to ensure timely delivery of products to our esteemed customers.

#### Modernization

In the rapidly progressing environment, GTML is eager to stay updated in terms of modern technology and processes. GTML has established a phase wise strategy to replace old and outdated machinery to better serve our customers in terms of quality and ancillary services.

#### Established Clientele

GTML is well known in the industry for its supreme quality yarn and thus remains the first choice for customers both locally and internationally. Despite some very demanding challenges during the year, the team at GTML continued to deliver consistently, upholding its reputation of quality and customer satisfaction. GTML has strong working relationships with all its customers and shows respect to the trust their customer entails by providing top-tier customer services in the most effective manner.

#### Indicative prospects of the Company

Evaluation of company's performance is based on Indicators which are categorized into financial and non-financial measures. Financial indicators are set on revenue and profitability, PE Ratio, Gearing (Debt/Equity) and Liquidity; while non-financial indicators include Market Share, Productivity, Sustainable Growth, Human Capital, Consumer Preference, Innovation, Expansion and Diversification.

Targets	Measures
Cost Reduction	Procurement of modernized and efficient machineries as part of BMR to reduce labor cost and overheads.
Profitability	Procuring quality raw material in a timely and cost effective manner to attain desired results.
Employee Development	Regular training and evaluation of employees.
Diversification	Strategic investment in the shares of ICI Pakistan and Investment in Wind Power Project of YEL.

It has always been a prime concern for GTML to achieve its set objective and this year the Company has been

able to successfully accomplish its goals, causing profitability to increase 4 times compared to last year.

#### Critical Performance Indicators

##### Market Leader

Our diverse product range enables us to respond to every viable enquiry, and helps us in maintaining a strong position in the market.

##### Financial Performance

We strive to operate in the most efficient and effective manner in order to minimize our costs, achieve operational efficiencies, and to provide maximum return to our stakeholders.

##### Sustain Customer Satisfaction

In order to Foster long term business relationships the Company delivers unparalleled customer service.

##### Investment in New Projects

Investing in expansion and diversification enables GTML to meet its target ROI's, and secure high returns for the Company and ultimately, shareholders.

### Capital Structure

GTML continues to enjoy the great confidence that its valued stakeholders put in the entity, and one of the main reasons in this regard is the strong capital base that the Company has been able to maintain since the past decades. The capital structure of our Company is mainly supported by equity finance, despite the fierce competition the company still manages to maintain zero long-term gearing.

### Significant Changes in Financial Position

During the year under review, application of Robust Business strategies has led to the improvement of financial position of GTML. Furthermore, current ratio increased by 8.75% to 0.87 and no significant changes in the liquidity position of the entity was observed.

### Contribution to National Exchequer and Economy

As always, GTML continued to actively contribute to economic prosperity in Pakistan by providing direct employment to 4,800 permanent and contractual employees, along with compensation and benefits of Rs. 2.135 billion.

The Company also contributed an amount of Rs.327 million (2016: Rs.392 million) into the Government Treasury on account of all kinds of taxes, excise duty and sales tax. Furthermore, significant foreign exchange of more than US \$ 73 million, through export sales, was also brought to the reserves of the Central Bank of the country during the period.

During the year under review, GTML sold products worth Rs. 21.8 billion of cotton and man-made yarn by buying local and imported raw materials worth Rs. 15.3 billion.

Our Company has also contributed in the economy through payments to providers of funds to the tune of Rs. 301 million.

### Whistle Blowing Incidents

GTML is a quality cognizant organization, therefore we employ best of our abilities in developing practices that are open, transparent and in the best interest of the Company. This includes and encourages all stakeholders; employees, senior management, customers, suppliers, contractors etc. to put forward their concerns in the most discrete manner.

#### Procedure

Employees are firmly required to report any negligence within the workplace to their immediate supervisor. The reporter is safeguarded from any detrimental treatment, as long as the correct protocol is being followed. However, where the matter is of strategic significance, the level may be raised to senior management. Other stakeholders may directly approach Company Secretary and voice their concerns.

### Incidents reported during the year

No material incidents regarding operations of the entity or otherwise were reported to the Audit committee during the year.





# code of conduct

Code of Conduct clearly sets out the benchmark of proficient conduct that should guide executives in keeping up the most elevated and proficient level of moral behavior.

## Statement Of Intent

GTML requires its executive staff to observe the highest ethical standards in conducting its business activities. The Business Principles and Ethics Policy (BPEP) is intended to assist the Company's staff in meeting the standards of professional and personal integrity expected and required of them.

Our Code of Conduct clearly sets out the benchmark of proficient conduct that should guide executives in keeping up the most elevated and proficient level of behavior. HR along with individual departments ensure that the staff is aware about the guidelines. Hence our executives remain vigilant of their personal behavior with respect to the company and its operation.

## Conflict of Interest

Conflict of interest is a situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional or public interest. All executives avoid situations where there is a possibility of conflict, as inability to conform to these ethical policies may render an individual at risk of disciplinary action, even subsequent dismissal in an instance where a severe breach of policy occurs.

## Confidentiality

Executives during the course of their employment come across confidential information pertaining to the Company or its customers. They are expected to maintain confidentiality and integrity of all such sensitive matters during and after their employment with the Company.

## Honesty and Integrity

Our executives abide by the high standards of honesty and integrity, ensuring that the company's funds or property is not converted for personal use.

## Health, Safety and Environment

Through prudent operations of Company's facility executives make certain of health and safety of all parties.

## Harassment Free Workplace

GTML endeavors to keep up a workplace that is free from badgering whether physical, verbal or mental. Strict disciplinary actions are taken against any individual found breaching such a principle.

## Business Ethics and Anti-corruption

The management of GTML has always laid great emphasis on ensuring that day to day operations of the Company are conducted in the most transparent manner. In this regard, the management maintains a zero-tolerance policy towards unethical business practices and highly discourages corruption in every form. The entire GTML staff is liable to comply with the 'Code of Conduct' and all business transactions are to be done in the most transparent manner, maintain the highest standards of ethics. Likewise any misconduct or failure in compliance with the Company's Code of Conduct will be liable to disciplinary action. The Audit committee of the Board met at regular intervals during the year to review the adequacy and effectiveness of the internal controls, including those relating to the strengthening of the Company's risk management policies and systems.

There have been no significant incidents of corruption during the year ended June 30, 2017.

## Policy and Procedure for Stakeholder Engagement

Activity	Activity Details	Frequency
Annual General Meeting	The AGM of the Company is convened in accordance with the Companies Ordinance, 1984. AGM acts as a convenient platform for our stakeholders to voice their opinions and raise their concerns, which are duly satisfied by providing comprehensive justifications for clearing out any ambiguities.	Annual
Financial Reporting	GTML being a listed Company publishes its periodic financial statements (annually, half-yearly and quarterly) at the stock exchange and makes it available as well at the Company's website so as to communicate the Company's financial results to the stakeholders and potential investors.	Periodic (Annually, Half yearly and Quarterly)
Stock Exchange Notifications	The management of the Company has a clear Policy of sharing any information which may affect the confidence of its stakeholders in any manner. The Company communicates all material information in a timely manner to the Pakistan Stock Exchange. <ul style="list-style-type: none"> <li>• BOD Meeting</li> <li>• Financial Results</li> <li>• Material information</li> </ul>	As and when required.

## Regulators

Our Corporate Affairs department ensures that all compliance requirements are met in a timely manner.

## Banks and Other Lenders

GTML believes in maintaining strong and long-term business relationships with all the stakeholders. We consider our providers of funds to be our partners in success and ensure that they are frequently engaged with the Company and taken into confidence as and when required.

## Company's Website

We have updated our website as per the regulatory requirements of the SECP. The website layout is more interactive and has a user-friendly interface. The website allows access to our Company's corporate details, financial reports, certifications etc. The website can be accessed at: [www.gadoontextile.com](http://www.gadoontextile.com)

## Review of Business Continuity Planning (BCP)

Owing to the size and volume of our growth that we have achieved since the beginning of our operations, the importance of a comprehensive crisis management framework cannot be further emphasized. Your Company is well aware of the diversity and magnitude of risks that form as a result of our continuous business expansion.

To address these risks, the Company continues to engage in business continuity planning on a frequent basis. BCP refers to an action plan formulated in advance with the aim of preventing breakdown of important company operations or restoring and restarting them in as least time as possible if they are interrupted by the occurrence of an unexpected event such as a natural disaster or any untoward incident.

Your Company has formulated BCP's along with detailed standard operating procedures (SOPs) with regards to backing up of important assets of the company including virtual and physical data – for natural calamities and other possible external incidents. In the wake of such uncalled-for events, the Company is fully equipped to initiate their BCP response protocols to ensure the continuity of important operations with minimum time lapse.

The Board regularly evaluates the BCP response protocols and is satisfied with the existing SOP's in place.

## Human Resource Excellence

Every successful organization has some cornerstones responsible for its success. We consider our employees to be our most prized assets; for they are the key reason behind every milestone this Company has achieved so far. It is their passion for taking this Company to new heights, that helps us challenge ourselves to achieve the impossible and break our own benchmarks that we set in the industry. The excellent relation that we maintain with our employees is evident by negligible staff turnover ratio. The Company's recruitment decisions are based on a selection process that identifies the best qualified individual for the position to be filled. We follow a merit based recruitment policy and our selection procedure is geared to attract and retain capable and qualified executives who can best contribute towards accomplishment of the objectives of the Company. It is the Company's policy to promote from within the organization where ever possible; however, in the absence of availability of a suitable candidate from within the Company, the management will resort to recruitment through head hunters, press advertisements or via Company's databank. The selection and placement process will be based on the qualification and experience relevant to the position under review.

## Succession Planning

In GTML, Succession planning is an ongoing process of systematically identifying, assessing & developing talent to ensure leadership continuity for all decision making positions at various levels in the company. The main purpose of succession planning is to prepare and maintain an inventory of "ready now" managers that can be placed into top management positions in the event of a gap created in the chain of command due to attrition.

## Retirement Benefit Plans

The company pays special attention on retirement benefit plan in order to give the employees a sense of financial security after retirement. The Company

currently manages an unfunded gratuity scheme and a policy to compensate for leave absences. Present value of defined benefit obligation as on June 30, 2017 stood at Rs. 446 million representing a net decrease of Rs. 1 million. Details of the gratuity scheme have been disclosed in note 18.1.1 of the financial statements.

## IT Governance

In today's highly competitive and dynamic environment, it is imperative that companies align themselves with the advancements of modern time. These advancements not only help in precise dissemination and presentation of information, but in particular saves time and cost for the business.

In this regard, we at GTML have consistently monitored and developed our IT framework and ensured that the systems we have implemented, effectively help in storing, safeguarding, retrieving and sharing of information. We have a team of talented individuals, who have been working tirelessly to make sure that the methods adopted and implemented by the Company are in line with the best practices of the industry.

The Company maintains detailed, up-to-date inventory records for all computer hardware, software, and data.

## Projects

This year, we have planned an implemented enhancement and upgradation across different departments, further augmenting their performance. Our team of IT experts dedicated their skills and efforts and was able to successfully consolidate the systems in the most effective manner. Further, a one-click solution is available in which supply chain management system is directly linked to treasury operations, which reduces slack between operating procedures and allow treasury management to work efficiently. The IT department with the coordination of Power Plant management also initiated a 'Plant Maintenance and Management System' projects. The company is working towards its second phase of the project, in which integration with the current reporting and store management system will take place. This will aid the management in better planning and decision making. It can also be used to predict future trends and forecasts based on historical data. As part of Disaster Recovery (DR) protocols, the Company has successfully completed the process of utilizing Karachi Project as a DR site. This has added another layer to our data protection and has enabled the Company to retrieve data at the earliest in case of any unforeseen event.

Furthermore, we at GTML constantly review our position with local and global benchmarks and for this reason re-evaluation of current software systems in consultation with external consultants is in its first phase. The results of the evaluation will then help the company in bridging the gaps (if any), between the company's solution and current technological advancements.

Moreover, a real time connectivity between the head office and factory location, improved the decision making and enable effective control over day to day operations at the Amazai plant.

## Training

In order to improve employee's performance and to help them in attaining the required level of knowledge or skills, the company organizes training activities both internally and externally. This year too, various training sessions which includes cross functional and cross departmental, were held. The purpose is to demonstrate processes/challenges involved in their respective function. Some of the external sessions were 'Drivers of change and future skills' in partnership with ACCA Pakistan and 'Workshop on Companies Bill 2017' organized in collaboration with ICMA Pakistan.

## Corporate Social Responsibility

The incorporation of GTML is in itself an example of contribution towards the betterment of the society. Before the establishment of Gadoon Textile Mills in Swabi District, the local natives used to rely on cultivation of poppy and opium on their lands for achieving their livelihood. A courageous step was taken by the Group when they took the initiative to setup a company with the objective of providing employment to the locals of the district and discouraging the practices they were previously involved in. Thus, not limited to a profit-making venture, GTML has a socially motivated reason as its essence.

A CSR activity was performed at Dar-ul-Sukun on Eid-ul-Fitr in order to share the happiness of Eid with the special children by giving them different gifts and eatables. The employees participated willingly in the activity thus, showing their commitment towards social responsibilities.



## Employee Engagement

GTML always encourages relationship between the organization and its employees. For this purpose, several gatherings and events were organized on different occasions. In Ramadan, Ration was distributed among employees as a gift from the company. Similarly, 14th August was celebrated with colors of patriotism and employees were given gifts to celebrate the event with vigor.

Recreational event for employees are also organized annually which includes visits to farm house/ picnics at the beach and dinners at various restaurants.

## Efforts to mitigate adverse risk of industrial effluents

The Company has formulated a 'clean environment; healthy life' organization wide strategy under which we design and implement operating procedures that ensure disposal of waste materials and chemicals in the most eco-friendly and efficient manner. For this, we provide training and conduct awareness sessions on a regular basis.

## Energy Saving Measures Taken By the Company

Being a socially responsible company GTML aims to conserve natural resources and reduce energy consumption.

Hence the company has acquired a state-of-the-art Waste Heat Recovery Plant which substantially reduces carbon dioxide emission and creates a greener environment. In addition to this, your company makes a conscious effort to reduce waste, as small as mindfully turning off unnecessary lights or computers during office breaks or as immense as using energy efficient office equipment.

## Paper-Waste Disposal

Over the past few years, GTML has been focusing on reducing unnecessary use of paper in the company. Emphasis is being laid on minimizing the use of paper by making use of technology wherever possible. As part of this initiative, this year the Company collected and donated tonnes of paper for recycling.

## Iftar Arrangements

Like previous years this year too, Iftar arrangements were made during the Holy Month of Ramadan. This benevolent gesture was open for all, bringing ease and joy to the locality.

## Masjid

A Masjid has been built inside the mill premises at both the locations to facilitate both, employees and locals.

## Residence

Considering the social and emotional needs of the staff, accommodation is provided to all employees. The residential blocks are properly managed and the Company takes great care that our workers live in a secure and healthy environment.

## Dispensary

A well-managed dispensary at both the locations are maintained at the Gadoon Plant for the welfare of the employees and the residents to ensure proper health and safety.

Other Facilities for Plant Employees:

- Subsidized Mess
- Dispensary
- Ambulance
- Shuttle Service
- Residential Facility

## Quality Assurance

The Company is committed to provide quality finished products to its customers; which is signified by the ever highest sales turnover this year and strong customer retention ratio. Not only this, but we believe that quality management should be in the roots of the Company, starting from the operational level processes and all the way to strategic level decision making. In order to ensure quality management, an internal function measures performance against quality benchmarks on a regular basis.

## Corporate Affiliations

- Gadoon Textile Mills limited is affiliated with OEKO-TEX 100 Standards
- Member of Management Association of Pakistan
- Member of Karachi Chamber of Commerce and Industry
- Member of Sarhad Chamber of Commerce and Industry
- Member of All Pakistan Textile Mills Association Khyber Pakhtunkhwa
- Member of Better Cotton Initiative (BCI)
- Member and licensee of SUPIMA



## Safety and Security

At GTML, we have a strong commitment towards ensuring that our employees work in a healthy and safe environment, but when and if the need arises, we have contingency action plans and the capacity to deal with such situations.

In this regard, we have installed security and surveillance cameras throughout our premises and offices which are regularly monitored by security personnel to address the security concerns (if any). We also have a zero-tolerance policy against violence. Employees are well notified of such policies and the consequences of such actions.

Moreover, training programs are regularly carried out to train and educate employees for emergency situations.

## Safety of Company Records

The Company has implemented stringent controls to ensure that the records maintained are not only in compliance with the standard procedures, but are also stored in a way so as to ensure their safety as well as their timely retrieval when required.

In this regard, we introduced the 'paper less environment' initiative; emphasis now is on scanning all the records and relevant documents so that they are available electronically. This initiative will not only reduce the amount of paper consumed by the Company but will also address the safety and time-bound concerns of our records. Storing data electronically will greatly reduce the physical space taken up by such documents and it is both cost-effective and efficient.

Your company has so far scanned more than 2 million documents that has reduced the paper consumption, markedly, as the access to print these scanned documents is also controlled.

Moreover, precautionary measures such as fire-extinguishers, fire-resistant and electronically

operated safes are already in place to ensure maximum safety of sensitive documents of the company. As a corporate citizen, the Company is also considering other ways of reducing manual paperwork to become more environment-friendly.

## Expansion, Modernization and Investments

As part of Company policy, we are constantly investing and exploring options to strategically expand and diversify our operations. During the year, your Company has invested around Rs.488 million in acquiring and installing state-of-the-art machineries and associated costs as part of BMR and expansions.

In lieu of the ongoing energy crisis and for a sustainable energy mix, the Company has already invested in acquiring new natural gas based generators, the generators have started their operations.

## Issues Raised In Last AGM

The last AGM was held on October 29, 2016 at the registered office of the Company. During the meeting no significant issues were raised.

# awards & achievements

- Top Exporter (Foreign Exchange Earner) of the Province
- Top Importer of The Province
- Top Income Tax Payer of The Province
- Best Consumer Award
- Businessman of the Year Gold Medal Award
- Top 25 Companies for The Year Award
- ACCA Approved Employer Status
- Awarded With Best Corporate Report Award 2015
- Secured First Place In National Finance Olympiad (NFO) 2016 organized by ICAP





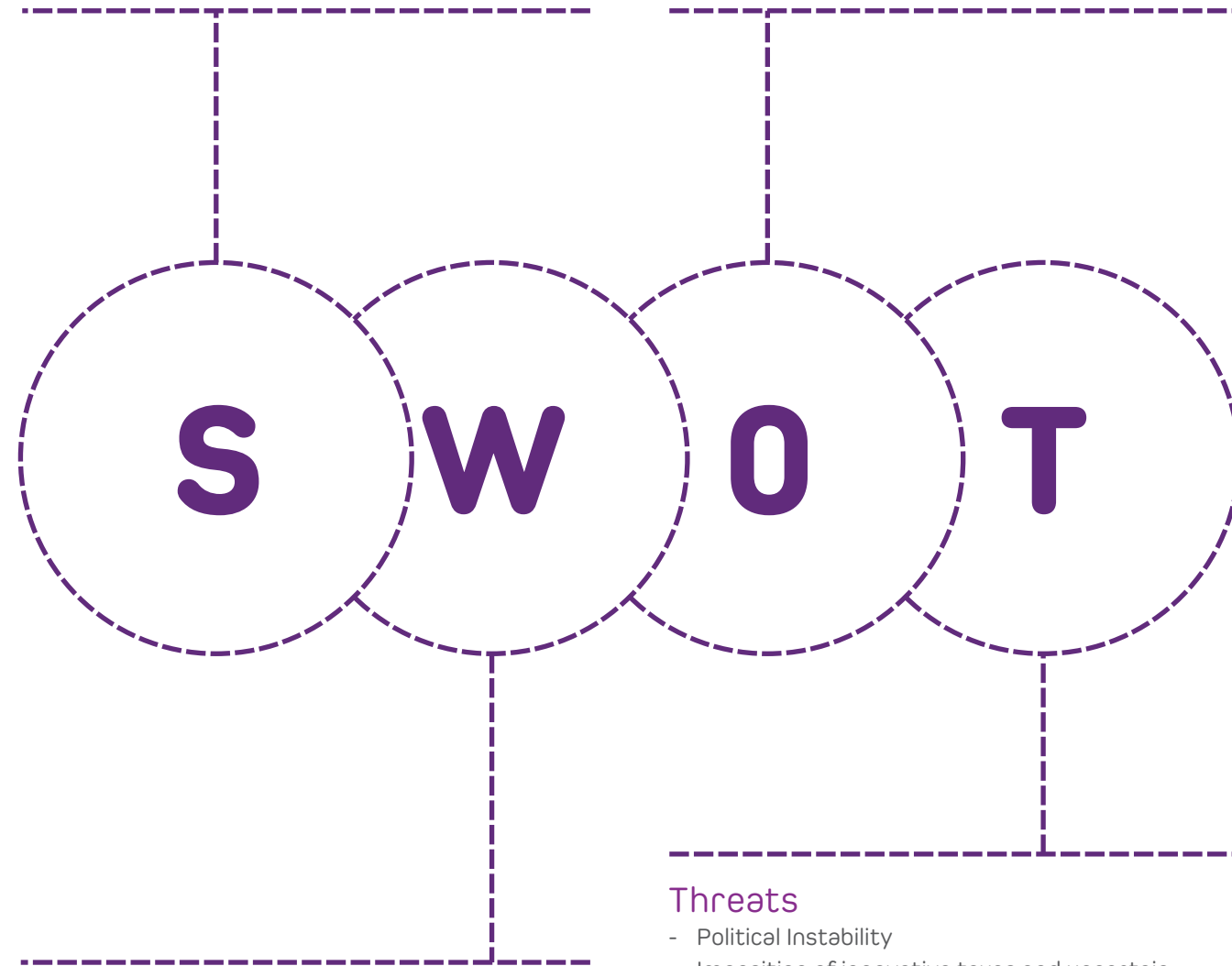
# swot analysis

## Strengths

- Market dominance
- In-house power generation
- Strong group structure
- Economies of scale
- Availability of wide range of products
- State-of-the-art plant and production facilities
- Global reach to internationally acclaimed clients

## Opportunities

- Access to untapped markets to increase exports
- Availability of expansion in existing and untapped segments with bare minimum capital expenditure
- Target the niche market due to wide range of product manufactured
- Develop innovative product range utilizing experienced technical staff



## Weaknesses

- Decline in exports due to competitive market
- Exposure to volatile cotton market
- Dependence on particular region for sales
- Major reliance on the spinning segment

## Threats

- Political Instability
- Imposition of innovative taxes and uncertain government policies e.g. GIDC
- Shortage of raw material due to natural disasters
- Fluctuation in interest and exchange rates
- High labour intensive industry
- Availability of subsidized yarn by regional competitors

## Risk and Opportunity Report

Category of Risk	Sub-category of Risk	Plans and Strategy to Mitigate Risk
Strategic Risk	Economic and Political stability of the country	The Company believes in an open and transparent relationship with the Government, regulators and other political stakeholders. As part of the larger industry, Company through its representatives, provide valuable suggestions to the regulators, particularly during the budgetary process. We regularly monitor economic and legal impacts of Government policies and political actions on the Company as well as the textile industry.
Commercial Risk	Increased competition between local and international suppliers of the product.	The Company believes that its years of experience, quality, research and development, brand image and customer loyalty are success factors to sustain even in this global economic scenario.
Operational Risk	Safety and security of assets	The Company has formulated and implemented a 'safety and security policy' throughout its manufacturing and administrative facilities. Moreover, all assets are insured through reputable institutions in order to safeguard assets against any unforeseen event of damage, fire, theft, act of terrorism etc.
Financial Risk	Adverse changes in interest rates	The Company mainly meets its working capital requirements through short-term financing facilities. In order to mitigate the risk of rising interest rates, management negotiates prevailing market rates and maintains an efficient portfolio of sources of funds.

## Potential Opportunities

Pakistan is one of those countries where upper middle class and middle class population forms majority. This factor opens up the opportunity to sell knitted wear and garments to the local mainstream population of the country.

The ever so competitive local and international market has made it difficult for companies to sustain. This provides our Company the opportunity to acquire smaller players of the market and increase its market share and economic efficiencies.

## Key Sources of Uncertainty

- Adverse impact of policies formed by the regulators
- Natural catastrophes such as heavy rains and floods that could destroy local cotton crop
- Adverse interest rate movements

## Materiality Approach

The Company considers matters to be material if, individually or in aggregate, they are considered to significantly affect the decision of users of the financial statements.

Determining materiality is a matter of judgment and may vary from organization to organization. These materiality levels are periodically reviewed and appropriately amended by the management.

## Share Price Sensitivity Analysis

Share price of the Company depends on the Company's overall performance and reputation in the respective industry in which it exists, combined with other external factors on which management has lesser or no control.

The Company's share price is sensitive to the following uncontrollable external factors:

## Stock Market

GTML is listed on the Pakistan Stock Exchange (PSX) which is regarded as one of the most liquid and top performing exchanges market among the global market and is operating in a discount against other Asian regional markets..

Company's share price depends on overall market performance, investor confidence on the economy and particular sector and the overall fundamentals of the company. Positive sentiments, news flows prevailing in the market may result in appreciation of share price of the company.

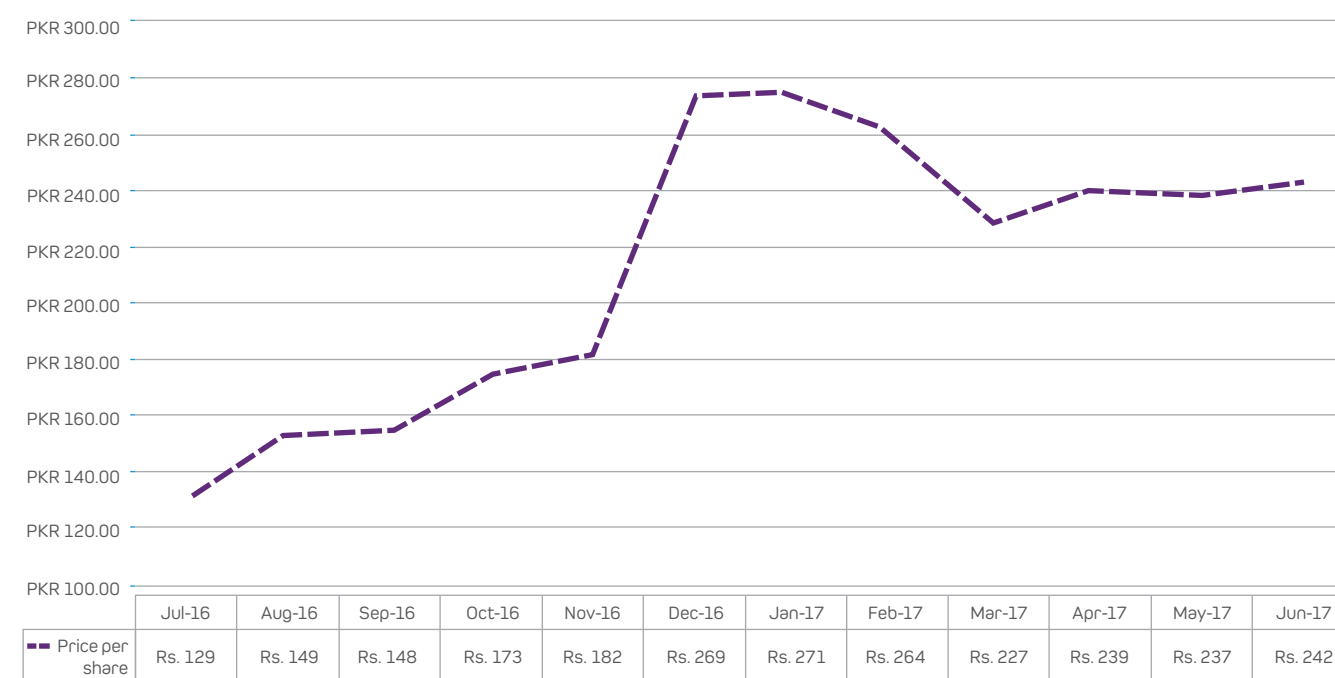
## Taxation

GTML is exposed to inconsistent Government Regulations, taxes schemes, policies, incentives schemes which directly effects the company's financial performance which in turn may affect the share price.

## Political Instability

Demonstration of Political powers by different political parties in the shape of public gathering will dampen the ongoing business activities nationwide and the performance of the company. Stable law and order situation and other political situation in the country improves the overall business performance, investor confidence, and also encourages foreigners to deal with some of the prestigious companies in the country.

## Share Price Variation



## Exchange Rates

GTML generated 33% of its revenue from exports, through which the entity is exposed to exchange rate risk. Any favorable or unfavorable movement in exchange rates might affect the company's profitability and hence, affect the share price. The company has also adopted effective strategies to minimize the risk of exchange rates.

## Interest Rates

The Company's Finance Cost is 1.5% of the turnover. The lower interest rate currently prevailing in the country is supporting the profitability of the Company, however, any adverse interest rate movement may also affect the company discordantly.

## Availability of Raw Material

The Company's performance is largely dependent upon the availability of raw material, which is highly sensitive to seasonal fluctuations. Thus, any negative or positive change in the crop yield will dampen the Company's performance and influence the share price.

## Forward Looking Statement

The current economic scenario and market conditions of the textile-spinning sector are expected to remain same at least till the end of the current calendar year. However, in order to secure optimum results, the Company is focusing on efficient sales mix and product differentiation strategy along with consistent monitoring of areas where measures can be taken to reduce cost. The Company will work extensively for the expansion of its existing export business and hopeful to achieve the government announced incentives. GTML is constantly in search of strategies that will make it's the business sustainable in the long run.

Muhammad Sohail Tabba



# six years at a glance

	2017	2016	2015	2014	2013	2012
(Rupees In '000)						
<b>Assets Employed</b>						
Property, Plant And Equipment	7,447,694	7,727,013	8,322,228	5,997,051	5,502,528	4,882,569
Long Term Loans, Deposits And Deferred Costs	37,427	41,340	46,788	31,846	27,958	15,667
Current Assets	10,300,184	9,344,718	10,496,486	8,717,727	7,002,605	5,380,582
Long Term Investment	2,472,715	2,194,332	1,683,343	1,358,798	1,230,711	-
<b>Total Assets Employed</b>	<b>20,258,020</b>	<b>19,307,403</b>	<b>20,548,845</b>	<b>16,105,422</b>	<b>13,763,802</b>	<b>10,278,818</b>
<b>Equity and Liabilities</b>						
Shareholder's Equity	7,366,723	6,533,605	6,817,519	6,499,577	6,184,838	5,208,840
Long Term Loans	-	-	-	8,905	26,719	44,533
Current Portion of Long Term Loans	-	-	8,905	17,814	17,814	17,814
Deferred Liabilities	1,114,696	1,089,766	996,912	686,456	502,696	352,253
Current Liabilities	11,776,601	11,684,032	12,734,414	8,910,484	7,049,549	4,673,192
Current Portion of Long Term Loans	-	-	(8,905)	(17,814)	(17,814)	(17,814)
<b>Total Equity and Liabilities</b>	<b>20,258,020</b>	<b>19,307,403</b>	<b>20,548,845</b>	<b>16,105,422</b>	<b>13,763,802</b>	<b>10,278,818</b>
<b>Turnover And Profit</b>						
Turnover	23,248,578	21,269,477	23,003,447	20,066,084	18,673,753	13,570,317
Gross Profit	1,337,662	726,192	1,129,822	1,932,166	2,246,458	1,151,732
Operating Profit	870,448	211,085	532,626	1,510,041	1,830,783	1,083,299
Profit/(loss) Before Taxation	1,084,938	(92,164)	(90,281)	739,149	1,254,115	654,466
Profit/(loss) After Taxation	806,986	(273,845)	(392,334)	580,799	1,129,922	648,813
Cash Dividend	-	-	-	117,188	292,969	175,781
Unappropriated Profit	5,221,553	4,388,435	4,672,349	5,162,077	4,847,338	3,871,340
Earnings Per Share (PKR)	28.79	(9.77)	(14.59)	24.78	48.21	27.68
Break Up Value Per Share (PKR)	262.82	233.09	290.88	277.32	263.89	222.24

# analysis of financial performance

Financial Ratios	UoM	2017	2016	2015	2014	2013	2012
<b>Profitability Ratios</b>							
Gross Profit to Sales	Percentage	5.75%	3.41%	4.91%	9.63%	12.14%	8.49%
Net profit after tax to sales	Percentage	3.47%	(1.29%)	(1.71%)	2.89%	6.07%	4.78%
EBITDA to sales	Percentage	9.34%	5.49%	6.43%	10.15%	11.83%	9.06%
Operating Leverage ratio	Times	32.25	6.51	(3.59)	(1.66)	2.08	4.46
Return on Equity after tax	Percentage	10.96%	(4.19%)	(5.75%)	8.94%	18.27%	12.46%
Return on Capital Employed	Percentage	20.54%	5.35%	8.97%	20.55%	25.14%	16.95%
<b>Liquidity Ratios</b>							
Current Ratio	Times	0.88	0.80	0.82	0.98	0.99	1.15
Quick/Acid Test ratio	Times	0.35	0.32	0.40	0.29	0.35	0.36
Cash to Current Liabilities	Times	(0.72)	(0.78)	(0.78)	(0.82)	(0.76)	(0.70)
Cash flow from operations to Sales	Times	0.04	0.06	0.07	(0.03)	0.02	0.11
<b>Activity/Turnover Ratios</b>							
Inventory turnover	Times	4.08	4.09	4.54	3.94	4.00	4.09
No. of days in inventory	Days	90	89	95	105	91	89
Debtors turnover	Times	14.10	11.92	10.42	13.01	18.00	6.70
No. of days in Receivables	Days	26	31	35	28	20	54
Creditors turnover	Times	9.39	10.69	14.07	16.01	14.75	10.36
No. of days in Payables	Days	39	34	26	23	25	35
Operating Cycle	Days	76	86	95	105	86	108
Total assets turnover	Times	1.15	1.10	1.12	1.25	1.36	1.32
Fixed assets turnover	Times	3.13	2.76	2.77	3.35	3.40	2.78
Equity multiplier	Times	2.75	2.95	3.01	2.48	2.23	1.97
<b>Investment Valuation Ratios</b>							
Earnings per share after tax	Rupees	28.79	(9.77)	(14.59)	24.78	48.42	27.68
Price/Earning Ratio after tax	Times	7.33	-	-	10.09	2.56	2.33
Dividend Yield	Percentage	-	-	-	2.00%	10.08%	11.61%
Dividend payout ratio	Percentage	-	-	-	20.18%	25.82%	27.10%
Dividend cover ratio	Times	-	-	-	4.96	3.87	3.69
Cash Dividend per share	Rupees	-	-	-	5.00	12.50	7.50
Break up value per share	Rupees	262.82	233.09	290.88	277.32	263.89	222.24
Market value Per share as June 30th	Rupees	211.00	128.59	164.76	249.95	124.00	64.59
Highest share price during the year	Rupees	323.62	153.20	332.18	332.44	-	-
Lowest share price during the year	Rupees	128.50	112.10	154.89	125.00	-	-
<b>Capital Structure Ratios</b>							
Financial Leverage ratio	Times	1.17	1.46	1.53	1.17	0.95	0.68
Weighted Average Cost of Debt	Percentage	3.96%	4.70%	7.60%	9.74%	7.44%	8.41%
Debt to Equity ratio	Percentage	0.00%	0.00%	0.00%	0.14%	0.43%	0.85%
Interest Coverage ratio	Times	4.16	0.79	0.89	2.00	3.89	3.21
<b>DuPont</b>	Percentage	19.38%	5.46%	10.28%	8.9%	18.3%	12.5%

# analysis of balance sheet

## Vertical Analysis

	2017	2016	2015	2014	2013	2012
<b>Assets</b>						
<b>Non current assets</b>						
Property Plant and Equipment	36.76%	40.02%	40.50%	37.24%	39.98%	47.50%
Long Term Advances	-	-	-	-	-	-
Long Term loans	0.05%	0.08%	0.11%	0.07%	0.05%	0.08%
Long term Deposits	0.14%	0.13%	0.12%	0.13%	0.15%	0.07%
Long term Investment	12.21%	11.37%	8.19%	8.44%	8.94%	0.00%
	49.16%	51.60%	48.92%	45.87%	49.12%	47.65%
<b>Current Assets</b>						
Stores, Spares and loose tools	2.43%	2.67%	2.57%	2.61%	2.60%	3.83%
Stock in trade	28.14%	26.67%	23.82%	35.39%	30.15%	32.08%
Trade Debts	8.64%	8.02%	9.86%	6.70%	8.52%	8.78%
Loans and advances	3.62%	3.00%	2.01%	2.85%	2.15%	2.36%
Recievables from an associates	-	-	4.81%	-	-	-
Short Term investment	-	0.39%	0.29%	0.30%	0.27%	0.25%
Trade Deposit & other short term prepayments	0.09%	0.15%	0.04%	0.03%	0.06%	0.04%
Other recievables	4.58%	2.32%	1.82%	1.35%	1.57%	1.35%
Tax Refund due from Government	2.53%	3.17%	3.39%	2.85%	2.07%	1.18%
Cash & bank balance	0.81%	2.01%	2.47%	2.06%	3.49%	2.48%
	50.84%	48.40%	51.08%	54.13%	50.88%	52.35%
<b>Total Assets</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Equity &amp; Liabilities</b>						
ShareCapital & Reserves						
Issued,Subscribed and Paid up Capital	1.38%	1.45%	1.14%	1.46%	1.70%	2.28%
Capital reserves	0.68%	0.71%	4.21%	0.64%	0.75%	1.00%
Revenue reserves	34.30%	31.68%	27.83%	38.26%	42.48%	47.39%
<b>Total Equity</b>	36.36%	33.84%	33.18%	40.36%	44.93%	50.67%
<b>Non Current Liabilities</b>						
Long Term Financing	-	-	-	0.06%	0.19%	0.43%
Deffered Liabilities	5.50%	5.64%	4.85%	4.26%	3.65%	3.43%
	5.50%	5.64%	4.85%	4.32%	3.84%	3.86%
<b>Current Liabilities</b>						
Trade & other Payables	13.80%	9.70%	9.62%	7.04%	8.22%	10.64%
Accrued markup	0.43%	0.24%	0.65%	0.88%	0.50%	0.44%
Short term borrowings	42.63%	49.48%	50.64%	47.17%	42.38%	34.21%
Current Portion of long term financing	-	-	0.04%	0.11%	0.13%	0.17%
Provision for Taxation	1.28%	1.10%	1.02%	0.13%	0.00%	0.00%
	58.13%	60.52%	61.97%	55.33%	51.23%	45.46%
<b>Total Equity &amp; Liabilities</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

## Horizontal Analysis

	2017 vs 2016	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012	2012 vs 2011
<b>Assets</b>						
<b>Non current assets</b>						
Property Plant and Equipment	3.61%	(7.15%)	38.77%	8.99%	12.70%	16.75%
Long Term Advances	-	-	-	-	-	-
Long Term loans	(40.28%)	(25.42%)	100.81%	55.65%	(16.58%)	72.04%
Long term Deposits	10.56%	0.41%	18.99%	-	187.54%	0.11%
Long term Investment	12.69%	30.36%	23.88%	10.41%	-	-
	(0.05%)	(0.89%)	36.07%	9.27%	38.03%	16.78%
<b>Current Assets</b>						
Stores, Spares and loose tools	(4.68%)	(2.35%)	25.69%	17.39%	(8.95%)	39.88%
Stock in trade	10.72%	5.17%	(14.11%)	37.35%	25.86%	56.68%
Trade Debts	13.13%	(23.46%)	87.84%	(7.94%)	29.81%	(71.31%)
Loans and advances	26.47%	40.26%	(9.88%)	55.26%	21.80%	80.44%
Recievables from an associates	-	(100.00%)	100.00%	-	-	-
Short Term investment	(100%)	26.76%	21.91%	30.30%	47.91%	(12.12%)
Trade Deposit & other short term prepayments	(40.22%)	269.94%	96.12%	(52.12%)	136.28%	(32.59%)
Other recievables	106.97%	19.81%	72.68%	0.04%	55.82%	(36.16%)
Tax Refund due from Government	(15.94%)	(12.10%)	51.89%	61.28%	134.23%	127.51%
Cash & bank balance	(57.69%)	(23.51%)	52.63%	(30.89%)	88.17%	(69.29%)
	10.22%	(10.93%)	20.40%	24.49%	30.15%	(20.92%)
<b>Total Assets</b>	4.92%	(6.02%)	27.59%	17.01%	33.90%	(6.54%)
<b>Equity &amp; Liabilities</b>						
Share Capital & Reserves						
Issued,Subscribed and Paid up Capital	-	19.59%	-	-	-	-
Capital reserves	-	(84.10%)	739.00%	-	-	-
Revenue reserves	13.62%	7.82%	(7.20%)	5.38%	20.04%	9.30%
<b>Total Equity</b>	12.75%	(4.16%)	4.89%	5.09%	18.74%	8.64%
<b>Non Current Liabilities</b>						
Long Term Financing	-	-	(100.00%)	(66.67%)	(40.00%)	(28.57%)
Deffered Liabilities	2.29%	9.31%	45.23%	36.55%	42.71%	12.73%
	2.29%	9.31%	43.37%	31.35%	33.43%	5.86%
<b>Current Liabilities</b>						
Trade & other Payables	49.28%	(5.00%)	74.26%	0.27%	3.36%	(16.02%)
Accrued markup	92.23%	(65.96%)	(5.84%)	108.71%	52.28%	(61.48%)
Short term borrowings	(9.61%)	(8.19%)	36.98%	30.24%	65.87%	(8.16%)
Current Portion of long term financing	-	(100.00%)	(50.01%)	-	-	(96.86%)
Provision for Taxation	21.52%	1.13%	938.16%	100.00%	-	(100.00%)
	0.79%	(8.21%)	42.91%	26.40%	50.85%	(19.82%)
<b>Total Equity &amp; Liabilities</b>	4.92%	(6.02%)	27.59%	17.01%	33.90%	(6.54%)



# analysis of profit & loss account

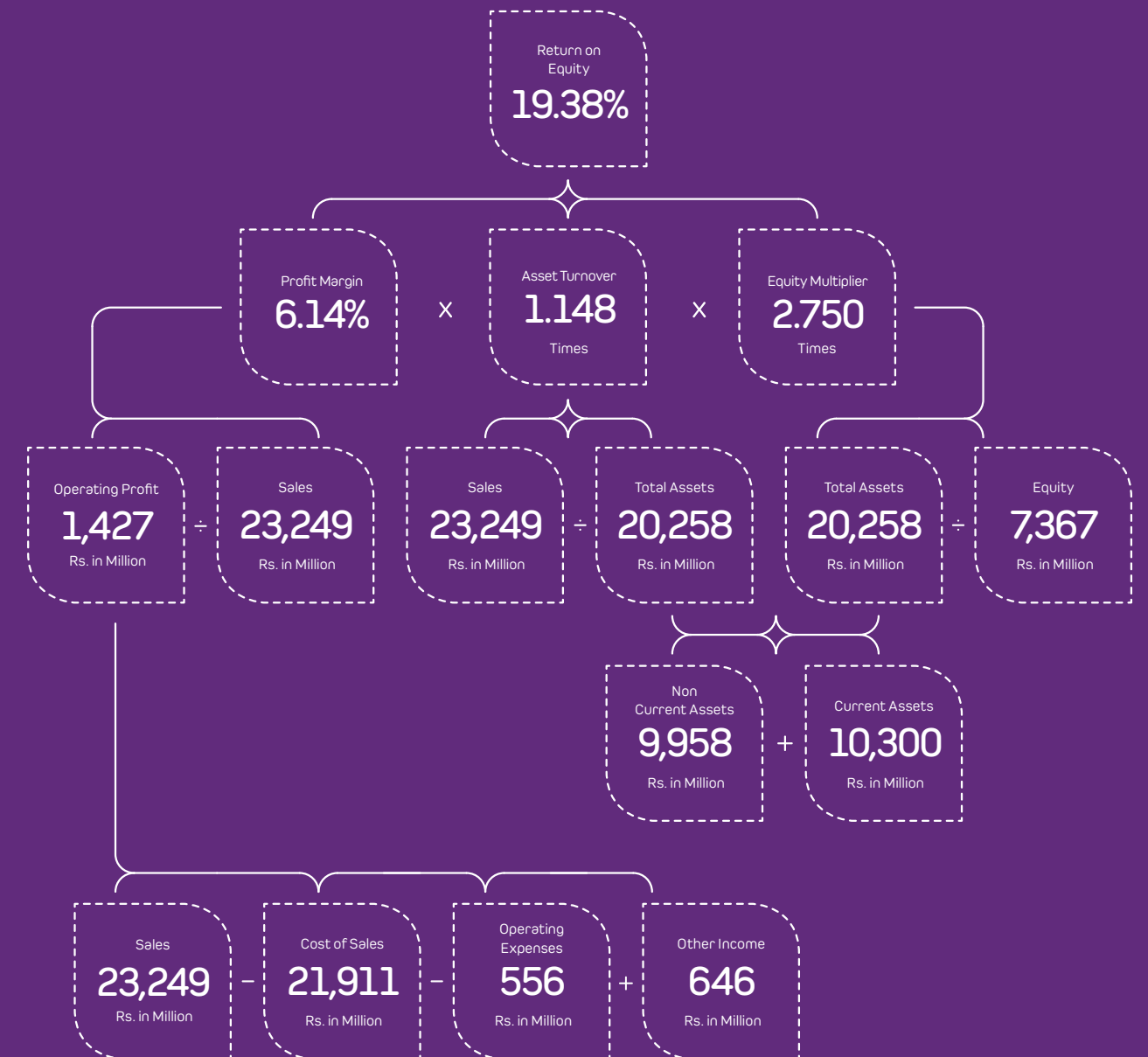
## Vertical Analysis

	2017	2016	2015	2014	2013	2012
Turnover	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	94.25%	96.59%	95.09%	90.37%	87.97%	91.51%
Gross profit	5.75%	3.41%	4.91%	9.63%	12.03%	8.49%
Distribution Cost	1.18%	1.41%	1.61%	1.53%	1.76%	1.82%
Administrative Expense	0.83%	1.01%	0.99%	0.57%	0.47%	0.65%
Operating Profit	3.74%	0.99%	2.31%	7.53%	9.80%	6.02%
Finance Cost	1.47%	2.11%	3.44%	3.69%	2.32%	2.18%
Other Operating charges	0.38%	0.36%	0.09%	0.92%	1.16%	0.98%
Other Operating income	(2.78%)	(1.05%)	(0.83%)	(0.77%)	(0.39%)	(1.97%)
Profit/(loss) before taxation	4.67%	(0.43%)	(0.39%)	3.69%	6.71%	4.83%
Taxation	1.20%	0.85%	1.31%	0.79%	0.67%	0.04%
Profit/(loss) for the year	3.47%	(1.28%)	(1.70%)	2.90%	6.04%	4.79%

## Horizontal Analysis

	2017	2016	2015	2014	2013	2012
	vs	vs	vs	vs	vs	vs
	2016	2015	2014	2013	2012	2011
Turnover	9.30%	(7.54%)	14.64%	7.46%	37.61%	(13.22%)
Cost of sales	6.66%	(6.08%)	20.62%	10.39%	32.28%	3.19%
Gross profit	84.20%	(35.73%)	(41.53%)	(13.99%)	95.05%	(59.01%)
Distribution Cost	(8.72%)	(19.14%)	20.63%	(6.52%)	32.88%	15.66%
Administrative Expense	(10.10%)	(4.92%)	97.03%	31.91%	(0.90%)	(31.48%)
Operating Profit	312.37%	(13.74%)	(64.73%)	(17.52%)	124.21%	(66.67%)
Finance Cost	(23.73%)	(43.25%)	7.01%	70.40%	46.84%	99.99%
Other Operating charges	15.66%	253.60%	(88.22%)	(14.07%)	61.96%	(43.61%)
Other Operating income	189.68%	17.20%	23.50%	110.68%	(72.57%)	157.41%
Profit/(loss) before taxation	1277.18%	2.09%	(112.21%)	(41.06%)	91.62%	(69.83%)
Taxation	52.99%	39.85%	90.75%	27.50%	2096.94%	57.63%
Profit/(loss) for the year	394.69%	(30.20%)	(167.55%)	(48.60%)	74.15%	(69.91%)

# dupont analysis



Years	Profit Margin (A)	Asset Turnover (B)	Equity Multiplier (C)	ROE A x B x C
2017	6.14%	1.15	2.75	19.38%
2016	1.68%	1.10	2.95	5.46%
2015	3.05%	1.12	3.01	10.28%
2014	7.37%	1.25	2.48	22.85%
2013	9.04%	1.36	2.23	27.42%
2012	7.00%	1.32	1.97	18.20%

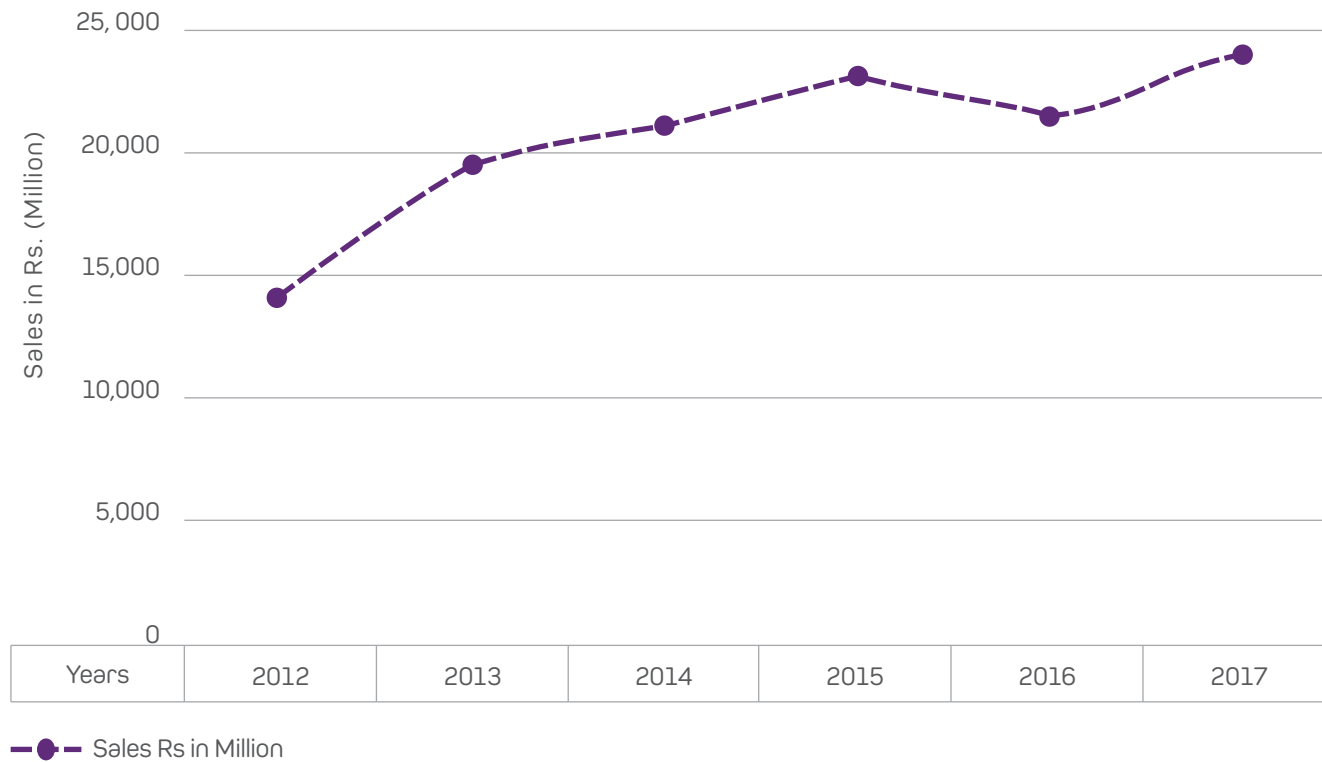
# comments on the financial results

The following discussion, analysis and charts are intended to help the readers understand the Company's results for the year ended June 30, 2017.

## Comments on Profit and Loss Accounts:

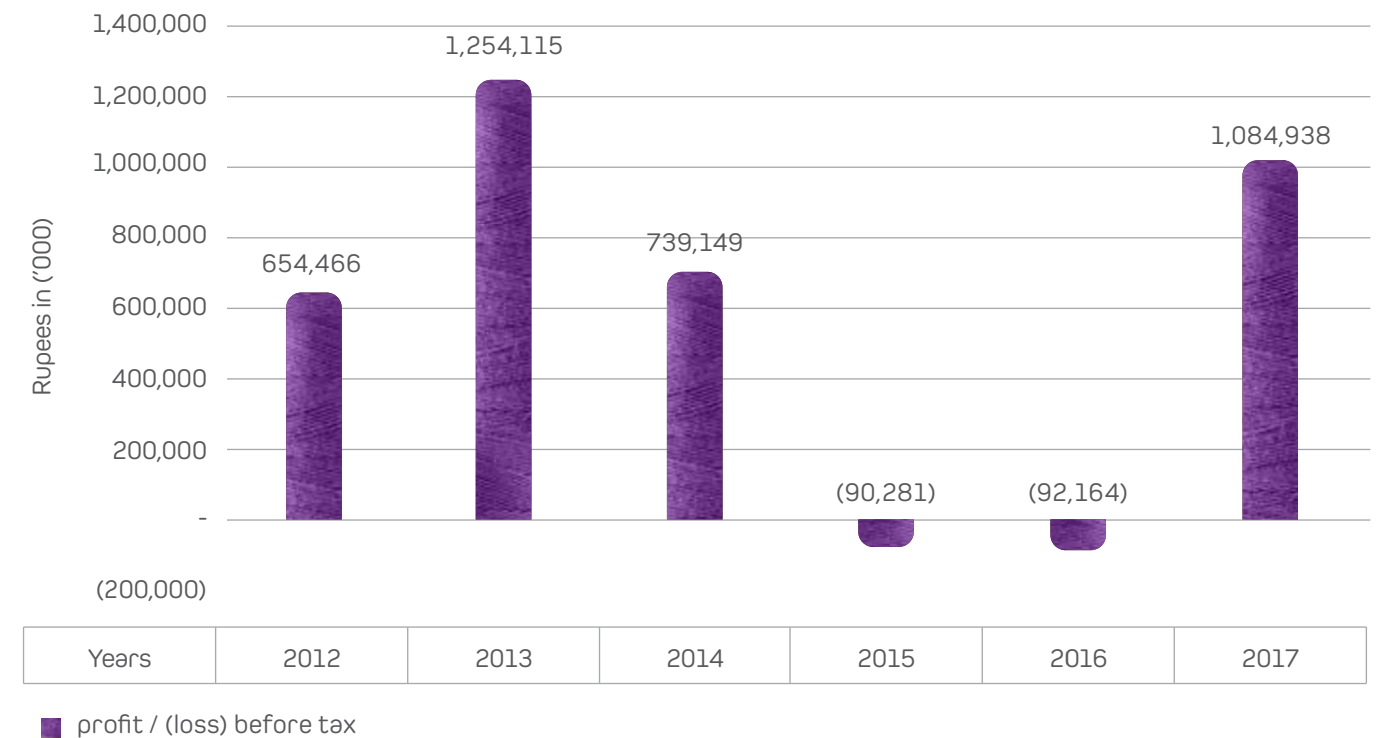
### Sales

Over the period of six years, sales results of the Company continued to grow at a compounded annual sales growth rate (CASGR) of 9.4% and recorded highest sales revenue amounting to Rs 23.248 billion during the current year as compared to sales of previous five financial periods of the Company. The Company expects this trend to continue further in the forthcoming years as the Company is rigorously putting efforts in boosting its sales in local market due to the lower margins in the export sales, which is also evident from the current year's sales (i.e. local sales have increased by 14.63% as compared to previous year).



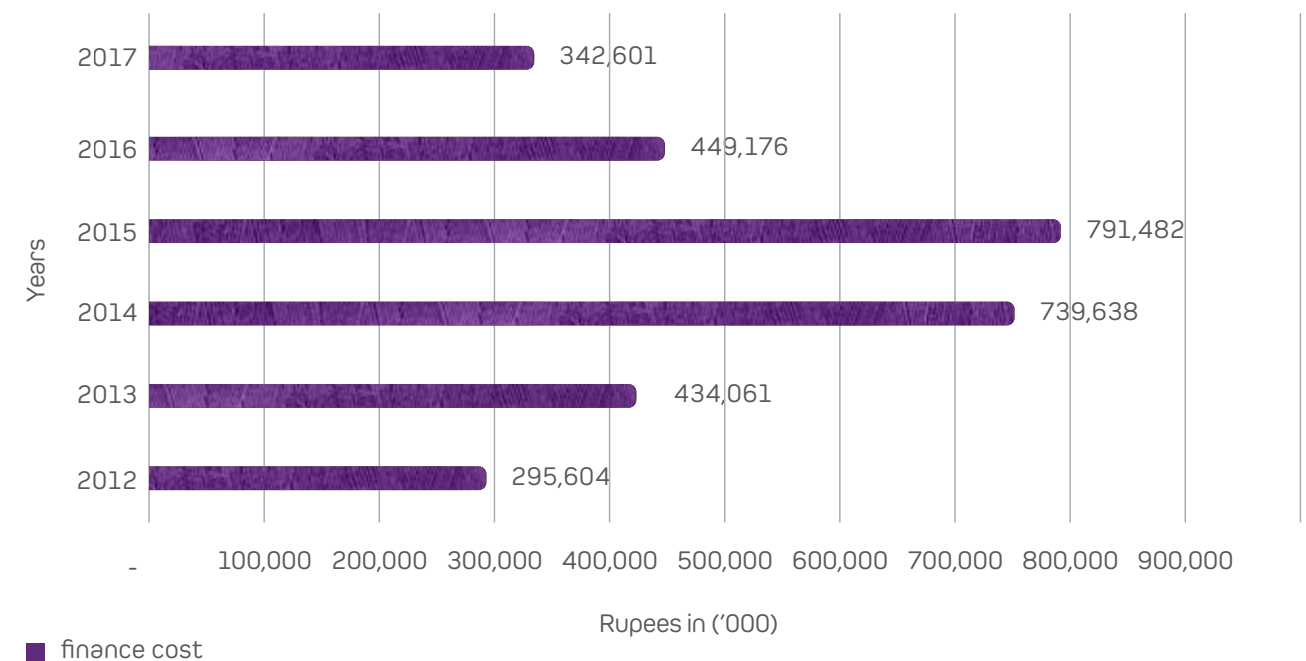
### Profit Before Taxation

The declining trend of the Company's profit has ended by the results of the current year's profit before taxation amounting to Rs. 1,084.938 million (2016: Loss before taxation of Rs 92.164 million). The gross profit margin percentage of the Company has increased from 3.41 to 5.75 percent in the current year which is primarily due to positive price mix, cost reduction and maintenance schemes implemented by the Company. Further, the Company has continued to reduce its other costs (i.e. Administrative expenses by 10.10 percent, Distribution expenses by 8.72 percent) in the current year as well. Furthermore, the Government's scheme (i.e. rebate on export sales of five export sectors including textile sector) has contributed to the performance of the Company by Rs. 148.834 million and Company's strategic decision to invest in diversified portfolio has contributed Rs 384.098 million to the profit of the Company.



### Finance Cost

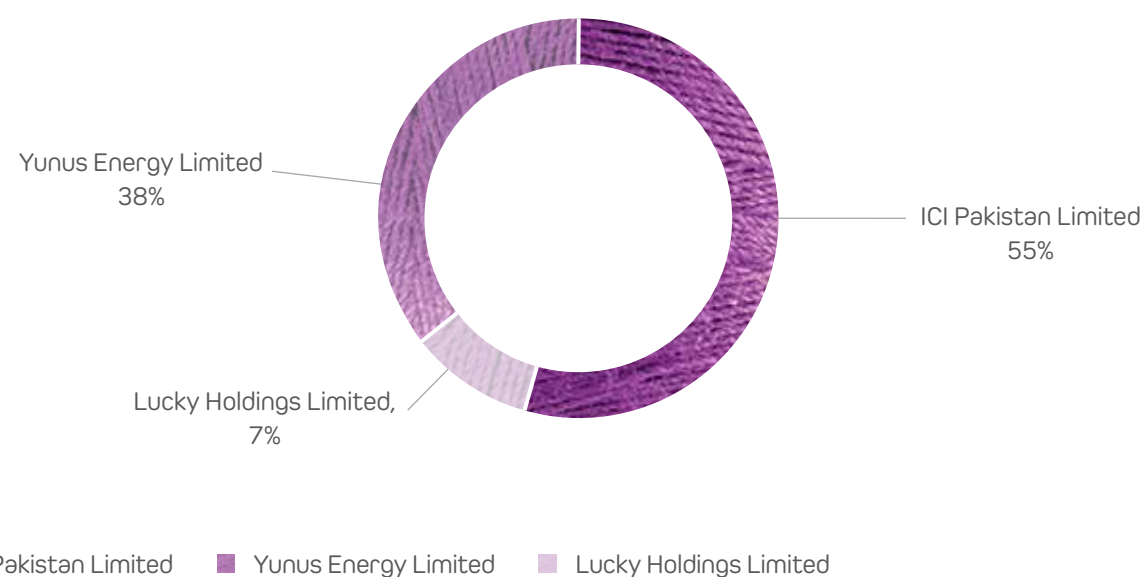
The management has maintained efficient portfolio of funds by achieving maximum benefits of lower benchmark rates prevalent in the country and thereby reducing the finance cost by 23.73% as compared to the previous year.





### Share of profit from investments

As mentioned in our Director's report, the Company has been continuously seeking feasible investment avenues to support the bottom line of its core textile-spinning business. The Company has maintained its investment in ICI Pakistan Limited (ICIP), Lucky Holdings Limited (LHL) and Yunus Energy Limited (YEL) as they continue to add a positive impact on the Company's bottom line. In the current year, the Company has generated a profit of Rs 384.098 million i.e 110.14 percent increase as compared to the previous year's share of profit of Rs 182.784 million.



### Short-Term borrowings

As mentioned in the section 'Finance Cost', the Company has improved its cashflow management which resulted in decreased borrowings from banking Companies. During the year, the Company has reduced its borrowings from Rs 9.553 billion to 8.635 billion i.e. 10% reduction on year on year basis in order to reduce the finance cost of the Company.

### Equity Multiplier

Your Company's equity base has unveiled an improvement over the last six years which is reflected by the equity multiplier ratio of 2.75 in 2017 as compared to 1.97 in 2012. This improvement is consistent with the Company's overall business objective of maximizing its shareholder's wealth.

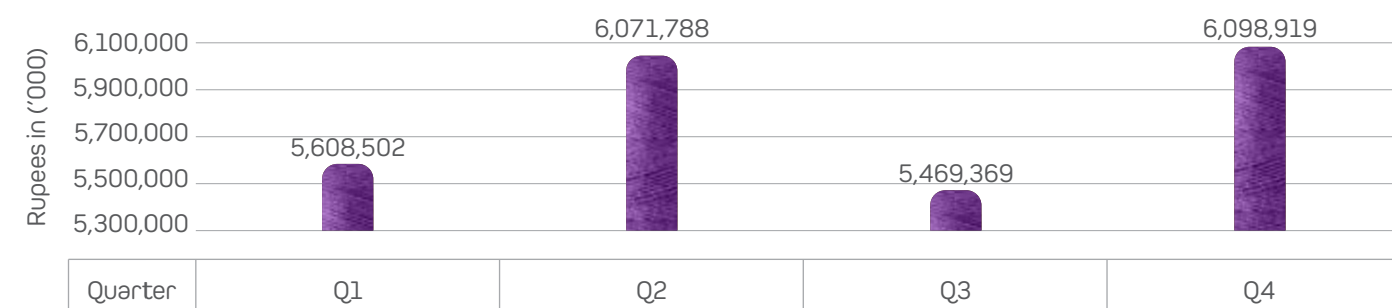
## Quarterly Analysis

### Quarterly Results

	Q1	Q2	Q3	Q4
	Rs. in million			
Sales	5,608,502	6,071,788	5,469,369	6,098,919
Gross profit	466,719	219,304	248,939	402,700
Operating Profit	264,182	(9,380)	37,506	146,239
Profit before tax	385,111	76,199	204,275	522,710
Profit for the period	344,075	22,795	154,322	285,794
Earnings per share (Rupees)	12.28	0.81	5.51	10.19

### Sales

Quarter wise sales of the Company have been significantly varied over the year. Quarter 1 and Quarter 3 have increased by 4.24% and 7.78% respectively, compared to same period last year (SPLY). However, Quarter 2 and Quarter 4, observed a significant boost in the sales of the Company and increased the sales of the Company by 12.56% and 13.83% against SPLY. The management of the Company expects the consistent increase in sales growth in future years.



### Profitability

Quarter wise profitability of the Company has been increasingly volatile over the year. Quarter 1 and Quarter 4 outperformed Quarter 2 and Quarter 3 primarily due to implementation of cost reduction and maintenance policies being implemented by the Company.

### Cashflow

Your Company's operating activities has generated Rs. 877.385 million net cash to the business after payments of Rs. 670.693 million in respect of finance cost, gratuity and income taxes, which represents that the Company is operating well in terms of generation of cash and has good working capital cycle despite carrying high inventory levels.

# statement of compliance of the code of corporate governance

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Regulation No. 5.19.24 of Rule Book of Pakistan Stock Exchange Limited (PSX) 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.

Gadoon Textile Mills Limited (the Company) has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the board includes:

Category	Name
Independent Director	Mr. Saleem Zamindar
Executive Director	Mr. Muhammad Sohail Tabba (CEO)
Non - Executive Directors	Mr. Muhammad Yunus Tabba (Chairman) Mr. Muhammad Ali Tabba Mr. Imran Yunus Tabba Mr. Jawed Yunus Tabba Mrs. Mariam Tabba Khan Mrs. Zulekha Tabba Maskatiya

The independent director meets the criteria of independence under clause 5.19.1. (b) of PSX Rule Book.

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 NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy arised on the Board during the year. Election of Directors was held in March 2016 for next term of three years after completion of tenure of last Board of Directors.
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 the employment of the Chief Executive Officer (CEO), other executives and non-executive directors, have been taken by the board / shareholders.

8. The meetings of the board were presided over by the Chairman who is a non-executive director and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The Directors of the Company are adequately trained to perform their duties, and are aware of their powers and responsibilities under the Companies Ordinance, 1984 and the Rule Book of stock exchange.
10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. However, no new appointment were made during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The board has formed an Audit Committee. It comprises of four members. All of them 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 Code. The Terms of Reference (TORs) of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed Human Resource and Remuneration Committee. It comprises three members, all of whom are non-executive directors including Chairman of the Committee.
18. The Board has set up an effective internal audit function and the members of internal audit function are considered suitably qualified and experienced for the purpose and 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 Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with 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 PSX Rule Book and the auditors have confirmed that they have observed IFAC guidelines in this regard.



21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Company has complied with 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 or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied including annual evaluation of the Board's own performance.

For and on behalf of the  
Board of Directors



Muhammad Sohail Tabba  
Chief Executive Officer

Place: Karachi  
Date: August 03, 2017

## review report to the members on the statement of compliance with the code of corporate governance

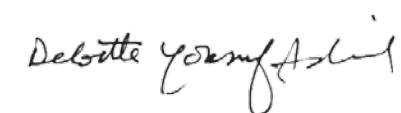
We have reviewed the annexed Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Gadoon Textile Mills Limited (the Company) for the year ended June 30, 2017 to comply with the requirements of Regulation 5.19 of the Rule Book of Pakistan Stock Exchange Limited (PSX) where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board 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 this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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



Deloitte Yousuf Adil  
Chartered Accountants

Place: Karachi  
Date: August 03, 2017

# auditors' report to the members

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

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

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

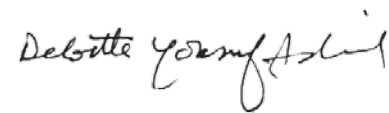
a. in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b. in our opinion:

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

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

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



Deloitte Yousuf Adil  
Chartered Accountants

Engagement Partner  
Mushtaq Ali Hirani

Date: August 03, 2017  
Place: Karachi





# rewarding growth

## **Financial Statement**

GTML celebrates a legacy of almost three decades of churning out positive monetary rewards for its shareholders.

Over the course of time, GTML continued with a renewed commitment every passing year to ensure that our stakeholders rejoiced their fair share of our collective fiscal success.



# balance sheet

As at June 30, 2017

	2017	2016
Note	(Rupees in '000)	
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	4 7,447,694	7,727,013
Long-term advance	5 -	-
Long-term loans	6 9,723	16,282
Long-term deposits	27,704	25,058
Long-term investments	7 2,472,715	2,194,332
	9,957,836	9,962,685
<b>Current Assets</b>		
Stores, spares and loose tools	8 491,790	515,910
Stock-in-trade	9 5,700,578	5,148,415
Trade debts	10 1,750,769	1,547,639
Loans and advances	11 732,810	579,440
Receivable from an associate	12 -	-
Short-term investment	13 -	75,734
Trade deposits and short-term prepayments	17,679	29,573
Other receivables	14 928,097	448,425
Income tax refundable	514,535	612,128
Cash and bank balances	15 163,926	387,454
	10,300,184	9,344,718
<b>Total Assets</b>	<b>20,258,020</b>	<b>19,307,403</b>

## EQUITY AND LIABILITIES

### Share Capital and Reserves

Authorised  
57,500,000 ordinary shares of Rs.10/- each

Issued, subscribed and paid-up capital

Capital reserves

Revenue reserves

### Total Equity

### Non-Current Liabilities

Long-term finance

Deferred liabilities

### Current Liabilities

Trade and other payables

Accrued mark-up

Short-term borrowings

Provision for taxation

### Total Equity and Liabilities

## CONTINGENCIES AND COMMITMENTS

The annexed notes from 1 to 38 form an integral part of these financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD YUNUS TABBA**  
Chairman

	2017	2016
Note	(Rupees in '000)	
	575,000	575,000
16	280,296	280,296
	137,541	137,541
	6,948,886	6,115,768
	7,366,723	6,533,605
17	-	-
18	1,114,696	1,089,766
	1,114,696	1,089,766
19	2,794,771	1,872,207
	87,667	45,605
20	8,635,992	9,553,768
	258,171	212,452
	11,776,601	11,684,032
	20,258,020	19,307,403
21		



## profit and loss account

For the Year Ended June 30, 2017

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Sales - net	22	23,248,578	21,269,477
Cost of sales	23	(21,910,916)	(20,543,285)
Gross profit		1,337,662	726,192
Distribution cost	24	(273,299)	(299,410)
Administrative expenses	25	(193,915)	(215,697)
		(467,214)	(515,107)
		870,448	211,085
Finance cost	26	(342,601)	(449,176)
Other operating expenses	27	(89,300)	(77,212)
		438,547	(315,303)
Other income	28	262,293	40,355
Share of profit from associates - net of tax	7.2, 7.3 & 7.4	384,098	182,784
Profit / (loss) before taxation		1,084,938	(92,164)
Taxation	29	(277,952)	(181,681)
Profit / (loss) for the year		806,986	(273,845)
Earnings per share - basic and diluted (Rupees)	30	28.79	(9.77)

The annexed notes from 1 to 38 form an integral part of these financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD YUNUS TABBA**  
Chairman

## statement of comprehensive income

For the Year Ended June 30, 2017

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Profit / (loss) for the year		806,986	(273,845)
<b>Other comprehensive income</b>			
Items that will be reclassified subsequently to profit or loss			
Share of other comprehensive income from associates - net of tax	7.2 & 7.3	(3,433)	(1,044)
Items that will not be reclassified subsequently to profit or loss			
- Remeasurement of defined benefit obligation	18.1.4	36,458	(11,045)
- Income tax relating to defined benefit obligation		(6,893)	2,020
		29,565	(9,025)
<b>Total comprehensive income / (loss) for the year</b>		<b>833,118</b>	<b>(283,914)</b>

The annexed notes from 1 to 38 form an integral part of these financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD YUNUS TABBA**  
Chairman

# cash flow statement

For the Year Ended June 30, 2017

## A. CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	(Rupees in '000)	
Profit / (loss) before taxation	1,084,938	(92,164)
Adjustments for:		
Depreciation	743,950	811,284
Gain on disposal of operating fixed assets	(2,078)	(10,022)
Rebate on export sales	(148,834)	-
Finance cost	342,601	449,176
Unrealised gain on short-term investment	-	(15,989)
Realised gain on short-term investment	(98,171)	-
Share of profit from associates - net of tax	(384,098)	(182,784)
Provision for gratuity	148,522	171,370
	601,892	1,223,035
Operating cash flows before working capital changes	1,686,830	1,130,871
(Increase) / decrease in current assets		
Stores, spares and loose tools	24,120	12,418
Stock-in-trade	(552,163)	(252,970)
Trade debts	(203,130)	474,296
Loans and advances	(7,992)	(35,287)
Receivable from an associate	-	987,583
Trade deposits and short-term prepayments	11,894	(21,579)
Other receivables	(334,122)	(74,153)
	(1,061,393)	1,090,308
Increase / (decrease) in current liabilities		
Trade and other payables	922,641	(98,492)
Changes in working capital	(138,752)	991,816
Cash generated from operations	1,548,078	2,122,687
Finance cost paid	(300,539)	(537,535)
Income tax paid	(260,236)	(230,417)
Gratuity paid	(113,203)	(83,167)
Rebate received	3,284	-
	(670,693)	(851,119)
<b>Net cash generated from operating activities</b>	<b>877,385</b>	<b>1,271,568</b>

## B. CASH FLOWS FROM INVESTING ACTIVITIES

	2017	2016
Note	(Rupees in '000)	
Purchase of property, plant and equipment	(487,816)	(227,048)
Proceeds from disposal of property, plant and equipment	25,263	20,999
Long term loans paid back by employees	6,559	5,550
Long-term deposits given	(2,646)	(102)
Investment in associates	-	(407,000)
Proceeds from disposal of short-term investment	173,905	-
Dividend received from an associate	101,676	77,752
<b>Net cash used in investing activities</b>	<b>(183,060)</b>	<b>(529,849)</b>

## C. CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term finance	-	(8,905)
Dividend paid	(77)	(58)
<b>Net cash used in financing activities</b>	<b>(77)</b>	<b>(8,963)</b>

Net increase in cash and cash equivalents (A+B+C)

Cash and cash equivalents at the beginning of the year	(9,166,314)	(9,899,070)
<b>Cash and cash equivalents at the end of the year</b>	<b>(8,472,066)</b>	<b>(9,166,314)</b>

### CASH AND CASH EQUIVALENTS

Cash and bank balances	15	163,926	387,454
Short-term borrowings	20	(8,635,992)	(9,553,768)
		(8,472,066)	(9,166,314)

The annexed notes from 1 to 38 form an integral part of these financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD YUNUS TABBA**  
Chairman

# statement of changes in equity

For the Year Ended June 30, 2017

	Capital Reserves					Revenue Reserves				Grand Total
	Issued, subscribed and paid-up share capital	Capital to be issued pursuant to amalgamation	Share Premium	Amalgamation Reserve	Sub Total	General Reserve	Amalgamation Reserve	Unappropriated Profit	Sub Total	
	Rupees in '000									
Balance as at July 1, 2015	234,375	45,921	103,125	34,416	137,541	1,000,000	727,333	4,672,349	6,399,682	6,817,519
<b>Transactions with owners recorded directly in equity</b>										
Shares issued pursuant to amalgamation	45,921	(45,921)	-	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>										
Loss for the year	-	-	-	-	-	-	-	(273,845)	(273,845)	(273,845)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	(10,069)	(10,069)	(10,069)
Total comprehensive loss for the year	-	-	-	-	-	-	-	(283,914)	(283,914)	(283,914)
Balance as at June 30, 2016	280,296	-	103,125	34,416	137,541	1,000,000	727,333	4,388,435	6,115,768	6,533,605
<b>Total comprehensive income for the year</b>										
Profit for the year	-	-	-	-	-	-	-	806,986	806,986	806,986
Other comprehensive income - net of tax	-	-	-	-	-	-	-	26,132	26,132	26,132
Total comprehensive income for the year	-	-	-	-	-	-	-	833,118	833,118	833,118
Balance as at June 30, 2017	280,296	-	103,125	34,416	137,541	1,000,000	727,333	5,221,553	6,948,886	7,366,723

The annexed notes from 1 to 38 form an integral part of these financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD YUNUS TABBA**  
Chairman

# notes to the financial statements

For the Year Ended June 30, 2017

## 1. THE COMPANY AND ITS OPERATIONS

1.1 Gadoon Textile Mills Limited (the Company) was incorporated in Pakistan on February 23, 1988 as a public limited company under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange. The manufacturing facilities of the Company are located at Gadoon Amazai Industrial Estate Khyber Pakhtunkhwa and 57 km on Super Highway (near Karachi). The principal activity of the Company is manufacturing and sale of yarn and knitted fabrics. Y.B Holdings (Private) Limited is the holding company.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 17 of July 20, 2017 that companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial statements have been prepared under the Companies Ordinance 1984.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except:

- obligations under the defined benefit plan are stated at present value;
- short-term investment is stated at fair value; and
- investment in associates are accounted for under equity method.

### 2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- a) determining the residual values and useful lives of the property, plant and equipment (note 3.1);
- b) valuation of stock-in-trade - at lower of cost and NRV (note 3.3);
- c) provision for taxation including deferred tax (note 3.9);
- d) accounting for staff retirement benefits (notes 3.10); and
- e) provisions - for slow moving stores (note 3.17);
- f) provisions - for doubtful debts (note 3.17);
- g) provisions - doubtful advances (note 3.17);
- h) provisions against liability (note 3.17).

## 2.5 New accounting standard / amendments and IFRS interpretation that are effective for the year ended June 30, 2017

2.5.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / Amendments / Interpretation	"Effective date" (accounting periods beginning on or after)
Amendments to IFRS 10 'Consolidated Financial Statements' IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016
Certain annual improvements have also been made to a number of IFRSs.	

## 2.6 New accounting standards / amendments and IFRS interpretation that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

## Standards / Amendments / Interpretation

## "Effective date" (accounting periods beginning on or after)

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	January 01, 2018 Earlier application is permitted.
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018 Earlier application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018 Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
Certain annual improvements have also been made to a number of IFRSs.	
Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
<ul style="list-style-type: none"> <li>• IFRS 1 – First Time Adoption of International Financial Reporting Standards</li> <li>• IFRS 9 – Financial Instruments</li> <li>• IFRS 14 – Regulatory Deferral Accounts</li> <li>• IFRS 15 – Revenue from Contracts with Customers</li> <li>• IFRS 16 – Leases</li> <li>• IFRS 17 – Insurance Contracts</li> </ul>	

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2016 and are enumerated as follows:

### 3.1 Property, plant and equipment

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

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for intended use.

Depreciation is charged, from the month when the asset is available for use and ceased from the month of disposal, to profit and loss account applying the reducing balance method except for leasehold land, which is depreciated using the straight-line method. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each balance sheet date. Rates for depreciation are stated in note 4.1 to the financial statements.

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account as and when incurred.

### 3.2 Stores, spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using moving average method. Items in transit are stated at invoice value plus other charges incurred thereon until the balance sheet date.

For items that are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made, if necessary, for any excess carrying value over estimated realizable value and charged to profit and loss account.

### 3.3 Stock-in-trade

#### Basis of valuation is as under:

- Raw material in hand (imported)	Lower of cost and net realizable value (NRV) - specific identification basis
- Raw material in hand (local)	Lower of cost (weighted average) and NRV
- Raw material in-transit	Cost accumulated to end of reporting period
- Work-in-process	Lower of cost (weighted average) and NRV
- Finished goods	Lower of cost and NRV
- Waste	NRV

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

NRV signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to effect such sale.

### 3.4 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortised cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

### 3.5 Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

### 3.6 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Short-term borrowings availed by the Company which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of cash flow statement.

### 3.7 Investments

#### Regular way purchase or sale of investments

All purchases and sales of investments are recognised using trade date accounting. Trade date is the date that the Company commits to purchase or sell the investment.

All investments are initially recognised at fair value, being the cost of consideration given including transaction cost associated with the investment, except in case of investment classified as at fair value through profit or loss, where the transaction costs are charged to the profit and loss account.

Management determines the appropriate classification of investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of purchase.

#### Investment at fair value through profit or loss

An investment is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value.

After initial recognition, such investments are remeasured at fair value determined with reference to their market value. Gains or losses on investments due to remeasurement are recognised in profit and loss account on reporting date.

#### Associates

Associates are entities over which the Company exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the associate after the date of acquisition. The Company's share of profit or loss of the associate is recognised in the Company's profit and loss account. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the associate arising from changes in the associates' other comprehensive income that have not been recognised in the associate's profit or loss. The Company's share of those changes is recognised in other comprehensive income of the Company.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

#### Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

### 3.8 Borrowings and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

### 3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account.

#### **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 credits and tax rebates available, if any. The charge for income tax includes adjustments to charge for prior year.

#### **Deferred**

Deferred tax is recognized using balance sheet liability method, providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

The Company recognizes deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **3.10 Staff retirement benefits**

##### **Defined benefit plan**

The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2017.

Remeasurement changes which comprise actuarial gains and losses and the return on plan assets, if any, (excluding interest) are recognized immediately in other comprehensive income.

#### **3.11 Trade and other payables**

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost using the effective interest method.

#### **3.12 Foreign currency translation**

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into Pak Rupees at the rates prevailing on the balance sheet date.

Gains and losses arising on retranslation are included in profit or loss for the period.

#### **3.13 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Interest income is recognized on a time proportionate basis using the effective rate of return.

#### **3.14 Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

#### **3.15 Offsetting of financial assets and financial liabilities**

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

#### **3.16 Impairment of financial instruments**

##### **Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

##### **Non-financial assets**

The Company assesses at each balance sheet date whether there is any indication that assets except inventories and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

#### **3.17 Provisions**

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### **3.18 Dividend and appropriation to / from reserves**

Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

#### **3.19 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The BOD has been identified as the chief operating decision maker responsible for strategic decisions like allocation of resources and assessing performance of operating segments. As disclosed in note 1.1 to the financial statements, the Company has two manufacturing facilities at Gadoon Amazai Industrial Estate and on Super Highway (near Karachi). Which are viewed as as a single reportable segment because of the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services and the methods used to distribute the products.

#### **3.20 Earnings per share**

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



	Note	2017 (Rupees in '000)	2016
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	6,855,143	7,469,897
Capital work-in-progress	4.2	592,551	257,116
		<b>7,447,694</b>	<b>7,727,013</b>

#### 4.1 Operating fixed assets

	2017							
	Cost as at July 01, 2016	Additions/ (Disposals)	Cost as at June 30, 2017	Accumulated depreciation as at July 01, 2016	Depreciation for the year/ (Disposals)	Accumulated depreciation as at June 30, 2017	Carrying value as at June 30, 2017	Rate of depreciation %
<b>Land:</b>								
Leasehold	59,180	-	59,180	8,418	647	9,065	50,115	1
Freehold	880	-	880	-	-	-	880	-
<b>Buildings on leasehold land:</b>								
Mills	2,031,978	1,136	2,033,114	781,972	124,830	906,802	1,126,312	10
Roads	42,328	1,160	43,488	14,928	2,837	17,765	25,723	10
Power plant	175,666	2,480	178,146	80,646	9,646	90,292	87,854	10
Office	60,513	-	60,513	14,673	4,584	19,257	41,256	10
Workers' colony	202,539	-	202,539	46,502	15,813	62,315	140,224	10
Other	411,292	2,709	414,001	126,750	14,305	141,055	272,946	5
<b>Buildings on freehold land:</b>								
Family colony	179,396	-	179,396	78,011	10,139	88,150	91,246	10
Workers' colony	123,727	-	123,727	89,913	3,381	93,294	30,433	10
Plant and machinery	9,864,515	113,888 (120,663)	9,857,740	5,230,204	467,773 (103,902)	5,594,075	4,263,665	10
Power plant	1,116,140	- (5,000)	1,111,140	657,443	45,732 (3,206)	699,969	411,171	10
Electric installations	450,891	480	451,371	227,739	22,355	250,094	201,277	10
Tools and equipment	13,774	-	13,774	10,272	350	10,622	3,152	10
Furniture and fittings	24,895	-	24,895	10,759	1,413	12,172	12,723	10
Computer equipment	20,267	1,397 (220)	21,444	15,916	1,497 (153)	17,260	4,184	30
Office equipment and installations	20,242	2,729 (277)	22,694	11,008	1,022 (97)	11,933	10,761	10
Fork lifters and tractors	38,094	-	38,094	26,968	2,225	29,193	8,901	20
Vehicles	141,991	26,402 (13,744)	154,649	82,614	14,768 (9,361)	88,021	66,628	20
Fire fighting equipment	11,847	-	11,847	5,522	633	6,155	5,692	10
<b>June 30, 2017</b>	<b>14,990,155</b>	<b>152,381 (139,904)</b>	<b>15,002,632</b>	<b>7,520,258</b>	<b>743,950 (116,719)</b>	<b>8,147,489</b>	<b>6,855,143</b>	

Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 148.26 million.

#### Operating fixed assets

	2016							
	Cost as at July 01, 2015	Additions/ (Disposals)	Cost as at June 30, 2016	Accumulated depreciation as at July 01, 2015	Depreciation for the year/ (Disposals)	Accumulated depreciation as at June 30, 2016	Carrying value as at June 30, 2016	Rate of depreciation %
<b>Land:</b>								
Leasehold	59,180	-	59,180	7,735	683	8,418	50,762	1
Freehold	880	-	880	-	-	-	880	-
<b>Buildings on leasehold land:</b>								
Mills	2,014,862	17,116	2,031,978	644,165	137,807	781,972	1,250,006	10
Roads	42,328	-	42,328	11,884	3,044	14,928	27,400	10
Power plant	162,083	13,583	175,666	70,717	9,929	80,646	95,020	10
Office	60,513	-	60,513	9,579	5,094	14,673	45,840	10
Workers' colony	198,018	4,521	202,539	29,610	16,892	46,502	156,037	10
Other	399,316	11,976	411,292	112,150	14,600	126,750	284,542	5
<b>Buildings on freehold land:</b>								
Family colony	172,359	7,037	179,396	67,274	10,737	78,011	101,385	10
Workers' colony	123,727	-	123,727	86,156	3,757	89,913	33,814	10
Plant and machinery	9,688,484	184,488 (8,457)	9,864,515	4,729,906	507,516 (7,218)	5,230,204	4,634,311	10
Power plant	1,126,140	- (10,000)	1,116,140	612,531	51,262 (6,350)	657,443	458,697	10
Electric installations	450,891	-	450,891	202,944	24,795	227,739	223,152	10
Tools and equipment	13,774	-	13,774	9,883	389	10,272	3,502	10
Furniture and fittings	24,895	-	24,895	9,188	1,571	10,759	14,136	10
Computer equipment	19,960	599 (292)	20,267	14,367	1,749 (200)	15,916	4,351	30
Office equipment and installations	20,003	373 (134)	20,242	10,005	1,020 (17)	11,008	9,234	10
Fork lifters and tractors	38,094	-	38,094	24,187	2,781	26,968	11,126	20
Vehicles	151,135	8,245 (17,389)	141,991	77,167	16,956 (11,509)	82,614	59,377	20
Fire fighting equipment	11,847	-	11,847	4,819	703	5,522	6,325	10
<b>June 30, 2016</b>	<b>14,778,489</b>	<b>247,938 (36,272)</b>	<b>14,990,155</b>	<b>6,734,268</b>	<b>811,284 (25,294)</b>	<b>7,520,258</b>	<b>7,469,897</b>	

Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 246.97 million.

		2017	2016
	Note	(Rupees in '000)	
<b>4.1.1 Depreciation charged for the year has been allocated as under:</b>			
Cost of sales	23.1	726,311	789,825
Administrative expenses	25	17,639	21,459
		<u>743,950</u>	<u>811,284</u>

#### 4.1.2 Disposal of operating fixed assets

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Mode of disposal	Purchaser
(Rupees in '000)						
Plant and Machinery	69,948	56,959	12,989	13,077	Negotiation	Nazeer Gul Scrape Dealer
	34,154	32,854	1,300	1,550	Negotiation	Arsalan Brothers
	12,445	10,339	2,106	1,100	Negotiation	Mehran International
	4,116	3,750	366	382	Negotiation	Oceanic Textile Enterprises
	<u>120,663</u>	<u>103,902</u>	<u>16,761</u>	<u>16,109</u>		
Vehicle	94	43	51	80	Negotiation	Danish Iqbal
	68	11	57	60	Insurance Claim	Bank Al-Falah
	1,005	665	340	703	Negotiation	Nazeer Ahmed
	1,005	672	333	703	Negotiation	Saleem Khan
	738	535	203	516	Negotiation	Saifullah
	749	492	257	525	Negotiation	M.Sarwar
	990	675	315	693	Negotiation	Muhammed Ayub
	877	685	192	614	Negotiation	Usman Gul
	4,211	2,693	1,518	1,800	Negotiation	Lucky One (Pvt) Ltd
	1,423	1,010	413	996	Negotiation	Suleman Joya
	2,584	1,880	704	1,349	Negotiation/ Claim	Various
	<u>13,744</u>	<u>9,361</u>	<u>4,383</u>	<u>8,040</u>		
Power plant	5,000	3,206	1,794	900	Negotiation	Javed Iqbal
Office equipment and installations	277	97	180	155	Negotiation	Various
Computer equipment	220	153	67	59	Negotiation/Claim	Various
June 30, 2017	<u>139,904</u>	<u>116,719</u>	<u>23,185</u>	<u>25,263</u>		
June 30, 2016	<u>36,272</u>	<u>25,294</u>	<u>10,977</u>	<u>20,999</u>		

#### 4.2 Capital work-in-progress

	Gadoon Amazai					Karachi Project					Total
	Civil works	Plant and machinery	Advances to supplier	Markup capitalized	Others	Civil works	Plant and machinery	Advances to supplier	Markup capitalized	Others	
(Rupees in '000)											
<b>Year ended June 30, 2017</b>											
Balance as at July 1, 2016	-	216,282	-	38,126	-	2,708	-	-	-	-	257,116
Additions during the year	-	82,922	29,158	3,613	-	17,488	343,427	5,854	1,228	-	483,690
Transfers to operating assets	-	(59,307)	(21,234)	-	-	(7,485)	(55,061)	(5,168)	-	-	(148,255)
Balance as at June 30, 2017	<u>-</u>	<u>239,897</u>	<u>7,924</u>	<u>41,739</u>	<u>-</u>	<u>12,711</u>	<u>288,366</u>	<u>686</u>	<u>1,228</u>	<u>-</u>	<u>592,551</u>
<b>Year ended June 30, 2016</b>											
Balance as at July 1, 2015	-	223,396	-	23,633	44	30,933	-	-	-	-	278,006
Additions during the year	-	152,849	-	16,227	8,203	26,007	22,714	-	76	-	226,076
Transfers within CWIP	-	(10,712)	-	-	-	-	10,712	-	-	-	-
Transfers to operating assets	-	(149,251)	-	(1,734)	(8,247)	(54,232)	(33,426)	-	(76)	-	(246,966)
Balance as at June 30, 2016	<u>-</u>	<u>216,282</u>	<u>-</u>	<u>38,126</u>	<u>-</u>	<u>2,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,116</u>

		2017	2016
	Note	(Rupees in '000)	
<b>5. LONG-TERM ADVANCE</b>			
- Considered doubtful			
Investment in a joint venture - Advance	5.1	66,667	66,667
Less: Provision against advance		<u>(66,667)</u>	<u>(66,667)</u>
		<u>-</u>	<u>-</u>

5.1 This represents first and second tranche of advance for a Joint Venture project of Rs. 4,250 million. The principal activity of the joint venture project was acquisition and development of a real estate project in Karachi through a Joint Venture Company. The Company's share in this Joint Venture project is ten percent. Currently, the future of this project is not certain and the recovery of this amount is considered doubtful.

		2017	2016
	Note	(Rupees in '000)	
<b>6. LONG - TERM LOANS</b>			
- Considered good			
Loan to employees	6.1 & 6.2	20,776	29,048
Less: current portion	11	<u>(11,053)</u>	<u>(12,766)</u>
		<u>9,723</u>	<u>16,282</u>

6.1 These are interest free loans recoverable in monthly installments over a period of three years.

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>6.2 Loan to employees</b>			
Executives	6.3 & 6.4	1,741	2,232
Other employees		19,035	26,816
		<u>20,776</u>	<u>29,048</u>
<b>6.3 Movement of outstanding amount of loan to Executives:</b>			
Balance as at July 1		2,232	5,995
Disbursements during the year		2,470	241
Repayments		(2,961)	(4,004)
Balance as at June 30		<u>1,741</u>	<u>2,232</u>

6.4 The maximum aggregate amount of loan due from executives at any month end during the year was Rs. 1.74 million (2016: Rs. 5.78 million).

## 7. LONG - TERM INVESTMENTS

### Investment in associates

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
ICI Pakistan Limited (ICIP)	7.2	1,571,147	1,463,896
Lucky Holdings Limited (LHL)	7.3	164,843	137,575
Yunus Energy Limited (YEL)	7.4	736,725	592,861
		<u>2,472,715</u>	<u>2,194,332</u>

7.1 The Company's investment in ICIP, LHL and YEL is less than 20% but these are considered associates as per the requirement of IAS 28 'Investment in Associates'. The Company has significant influence over the financial and operating policies through representation on the board of directors of these companies.

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>7.2 Investment in ICI Pakistan Limited (ICIP) - at equity method</b>			
Number of shares held		5,980,917	5,980,917
Cost of investment (Rupees in '000)		1,114,963	1,114,963
Fair value of investment (Rupees in '000)		6,546,413	2,661,628
Ownership interest		6.48%	6.48%
Balance as at July 01		1,463,896	1,365,660
Share of profit		212,551	176,892
Share of other comprehensive income		(3,624)	(904)
Dividend received		(101,676)	(77,752)
Balance as at June 30		<u>1,571,147</u>	<u>1,463,896</u>

The financial year end of ICIP is June 30, 2017. Summarized financial highlights of ICIP and the related share of the Company as at year end are as follows:

	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Total assets	36,801,927	30,475,716
Total liabilities	(19,076,155)	(14,905,635)
Net assets	<u>17,725,772</u>	<u>15,570,081</u>
Company's share of net assets	1,148,630	1,008,941
Revenue	48,274,029	42,755,505
Profit for the year	3,280,107	2,729,821
Company's share of profit	212,551	176,892
Other comprehensive income for the year	(55,924)	(13,960)
Company's share of other comprehensive income	<u>(3,624)</u>	<u>(904)</u>

### 7.3 Investment in Lucky Holdings Limited (LHL) - at equity method

	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Number of shares held	1,500,000	1,500,000
Cost of investment (Rupees in '000)	74,920	74,920
Ownership interest	1%	1%
Balance as at July 01	137,575	113,318
Share of profit	27,683	24,397
Share of other comprehensive income	(415)	(140)
Balance as at June 30	<u>164,843</u>	<u>137,575</u>

The financial year end of LHL is June 30, 2017. Summarized financial highlights of LHL as at year end and the related share of the Company are as follows:

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Total assets		43,157,194	37,537,751
Total liabilities		(22,933,435)	(20,814,059)
Net assets		<u>20,223,759</u>	<u>16,723,692</u>
Company's share of net assets		202,238	167,237
Revenue		48,274,029	42,755,505
Profit for the year	7.3.1	2,768,306	2,439,717
Company's share of profit		27,683	24,397
Other comprehensive income for the year		(41,473)	(13,960)
Company's share of other comprehensive income		<u>(415)</u>	<u>(140)</u>

7.3.1 This includes profit on disposal of partial interest in ICI Pakistan Limited.

### 7.4 Investment in Yunus Energy Limited (YEL) - at equity method

	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Number of shares held	61,136,500	61,136,500
Cost of investment (Rupees in '000)	611,365	611,365
Ownership interest	19.98%	19.98%



	Note	2017 (Rupees in '000)	2016
Balance as at July 01		592,861	204,365
Investment made during the year		-	407,000
Share of profit / (loss)		143,864	(18,504)
Balance as at June 30		<u>736,725</u>	<u>592,861</u>

The financial year end of YEL is June 30, 2017. Summarized financial highlights of YEL as at year end and the related share of the Company are as follows:

Total assets		12,863,391	11,294,997
Total liabilities		(9,263,049)	(8,426,714)
Net assets		<u>3,600,342</u>	<u>2,868,283</u>
Company's share of net assets		<u>719,348</u>	<u>573,083</u>
Revenue		<u>1,865,025</u>	<u>-</u>
Profit / (loss) for the year		<u>720,042</u>	<u>(50,999)</u>
Company's share of profit / (loss)		<u>143,864</u>	<u>(18,504)</u>

#### 8. STORES, SPARES AND LOOSE TOOLS

Stores		235,027	257,949
Spares in			
- hand		276,026	313,606
- transit		38,933	2,691
Loose tools		833	906
		<u>550,819</u>	<u>575,152</u>
Less: Provision for slow moving stores and spares		(59,029)	(59,242)
		<u>491,790</u>	<u>515,910</u>

#### 9. STOCK-IN-TRADE

Raw material in			
- hand	9.1 & 23.1.1	3,436,226	3,381,252
- transit		721,359	875,157
		<u>4,157,585</u>	<u>4,256,409</u>
Work-in-process	23.1	262,525	250,971
Finished goods			
- Yarn	9.1	1,150,054	571,786
- Knitted fabric		24,783	35,069
- Waste at net realizable value		105,631	34,180
	23	<u>1,280,468</u>	<u>641,035</u>
		<u>5,700,578</u>	<u>5,148,415</u>

9.1 The stock of yarn has been written down to net realizable value by Rs. Nil (2016: Rs. 60 million) respectively.

#### 10. TRADE DEBTS

	Note	2017 (Rupees in '000)	2016
- Considered good			
Foreign - Secured		577,775	582,539
Local - Unsecured		1,172,994	965,100
		<u>1,750,769</u>	<u>1,547,639</u>

- Trade receivables include Rs. 23.679 million (2016: Rs. 11.1 million) receivable from an associated company.
- None of the debtors in trade debts balance are past due or impaired.
- Trade receivables are non-interest bearing and are generally on 90-120 days term.

#### 11. LOANS AND ADVANCES

- Unsecured - considered good			
Current portion of long-term loans	6	11,053	12,766
Advance to employees	11.1	31,110	27,145
Advance to suppliers and contractors	11.2	233,745	228,194
Advance tax		456,516	311,138
Letters of credit, fee and expenses		386	197
		<u>732,810</u>	<u>579,440</u>

- 11.1 This includes advances provided to executives amounting to Rs. 25.66 million (2016: Rs. 24.37 million).
- 11.2 This includes advance given for and pilot project of dairy farm business amounting to Rs. 146.14 million (2016: Rs.119.62 million).

#### 12. RECEIVABLE FROM AN ASSOCIATE

	Note	2017 (Rupees in '000)	2016
Receivable from Lucky Landmark (Private) limited			
Balance as at July 1		-	987,583
- in respect of amalgamation		-	-
- in respect of markup charged during the year		-	31,592
- Received during the year		-	(1,019,175)
Balance as at June 30		<u>-</u>	<u>-</u>

#### 13. SHORT-TERM INVESTMENT

At fair value through profit or loss - held for trading			
Ordinary shares of listed company - International Steels Limited	13.1	-	75,734
Number of shares held		-	2,126,150
		<u>-</u>	<u>-</u>
13.1 Value of investment - beginning of the year		75,734	59,745
Unrealised gain on investment		-	15,989
Realised gain on investment		98,171	-
Disposal proceeds during the year		(173,905)	-
		<u>-</u>	<u>75,734</u>

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>14. OTHER RECEIVABLES</b>			
Considered good			
Sales tax		744,065	414,758
Federal excise duty		27,995	22,676
Claims receivable		8,416	9,691
Rebate receivable on export sales		145,550	-
Other		2,071	1,300
		<u>928,097</u>	<u>448,425</u>
Considered doubtful			
Claims receivable	21.1.2	20,000	20,000
Sales tax	14.1	52,439	52,439
Other	14.2	5,600	5,600
		<u>78,039</u>	<u>78,039</u>
Provision for doubtful other receivables		(78,039)	(78,039)
		<u>-</u>	<u>-</u>
		<u>928,097</u>	<u>448,425</u>

14.1 Pursuant to SRO 179 of 2013 dated March 7, 2013, the Company filed a special sales tax return and paid Rs. 52.4 million being 2% of the value of zero rated supplies made by the Company during the period from April 2011 to February 2013. The said amount has been paid by the Company under protest and it has filed an appeal before the tax authority for refund of such amount. However, being prudent, the Company has fully provided the amount in the financial statements.

14.2 The Company received a demand cum show cause notice for the amount of Rs. 13.169 million from custom authorities deleting their Manufacturing Bond Entry for import of Polyester Staple Fiber (PSF). The Company has paid Rs. 5.6 million under protest against this demand and also made provision for the same amount. Since the goods were imported for re-export, the Federal Board of Revenue has rectified the anomaly through S.R.O. 688(I)/2010 dated July 27, 2010, management believes that no further provision is required for the remaining amount and the amount so paid shall become refundable.

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>15. CASH AND BANK BALANCES</b>			
Cash in hand		10,123	12,457
Cash with banks in:			
- current accounts	15.1	153,803	374,785
- time deposits		-	212
		<u>153,803</u>	<u>374,997</u>
		<u>163,926</u>	<u>387,454</u>

15.1 It includes balances in foreign currency bank accounts amounting to US Dollars 336,980 equivalent to Rs. 35.316 million (2016: US Dollars 352,111 equivalent to Rs. 36.091 million) and Euro Nil equivalent to Rs. Nil (2016: Euro 73 equivalent to Rs. 8,456).

## 16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2017 ----- (Number of Shares) -----	2016 ----- (Number of Shares) -----		2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
	6,000,000	6,000,000	Ordinary shares of Rs. 10 each fully paid in cash	60,000	60,000
	17,437,500	17,437,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	174,375	174,375
	4,592,083	4,592,083	Ordinary shares of Rs. 10 each issued as fully paid in pursuant of amalgamation	45,921	45,921
	<u>28,029,583</u>	<u>28,029,583</u>		<u>280,296</u>	<u>280,296</u>

16.1 As at 30 June 2017, Y.B Holdings (Private) Limited (the Holding Company) hold 19,499,741 (2016: 19,499,741) ordinary shares respectively of Rs. 10 each.

16.2 The Company has one class of ordinary shares which carries no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>17. LONG - TERM FINANCE</b>			
- Banking companies - secured			
Balance as at July 1		-	8,905
Repaid during the year		-	(8,905)
Current portion shown under current liabilities		-	-
Balance as at June 30		<u>-</u>	<u>-</u>

## 18. DEFERRED LIABILITIES

	Note	2017	2016
Staff retirement gratuity	18.1	446,314	447,453
Deferred taxation	18.2	668,382	642,313
		<u>1,114,696</u>	<u>1,089,766</u>

### 18.1 Staff retirement gratuity

The Projected Unit Credit method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation are as under:

	2017	2016
Discount rate	8%	9%
Salary increase rate	8%	8.75%
Mortality rate	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>18.1.1 Liability recognised in the balance sheet</b>			
Present value of defined benefit obligation		446,314	447,453
<b>18.1.2 Movement in liability during the year</b>			
Balance as at July 1		447,453	348,205
Expense recognised in profit and loss	18.1.3	148,522	171,370
Total remeasurements recognised in other comprehensive income	18.1.4	(36,458)	11,045
Benefits paid		(113,203)	(83,167)
Balance as at June 30		446,314	447,453
<b>18.1.3 Expense recognised in profit and loss account</b>			
Current service cost		113,346	141,474
Interest cost		35,176	29,896
		148,522	171,370
<b>18.1.4 Total remeasurements recognised in other comprehensive income</b>			
Actuarial (gain) / loss on liability arising on - financial assumptions		(36,458)	11,045

#### 18.1.5 Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption %	Increase / (decrease) in defined benefit obligation	
		Increase in assumption ----- (Rupees in '000) -----	Decrease in assumption ----- (Rupees in '000) -----
Discount rate	1	(48,792)	(54,655)
Salary growth rate	1	57,293	69,944

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

18.1.6 The gratuity scheme exposes the Company to the following risks:

**Longevity Risk:** The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

**Salary Increase Risk:** The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

**Withdrawal Risk:** The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

18.1.7 The weighted average duration of defined benefit obligation as at June 30, 2017 is 1.19 years (2016: 13.9 years).

#### 18.2 Deferred taxation

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of following:

	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Deferred credits / (debits) arising due to:		
- Accelerated tax depreciation on property, plant and equipment	699,968	722,094
- Provision against staff retirement gratuity	(84,384)	(81,802)
- Provision against long-term advance	(12,605)	(12,188)
- Provision against stores and spares	(11,160)	(10,831)
- Provision against doubtful other receivables	(14,755)	(14,268)
- Share of profit from associates	91,318	39,308
	668,382	642,313

18.2.1 The income tax department did not allow credit of unabsorbed tax depreciation worked out for the tax holiday period from 1990 to 2000 against the profits of post tax holiday period. The Company filed appeal before the Commissioner of Inland Revenue (Appeals) and Appellate Tribunal Inland Revenue. In 2012, the matter was decided in favour of the Company but appeal effect order had not been given by the tax department. The income tax department filed appeal in Peshawar High Court and the matter is pending adjudication. Deferred tax asset approximately of Rs. 297.45 million on tax depreciation related to tax exempt period from 2010 to 2012 has also not been recorded due to uncertainty of recovery.

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>19. TRADE AND OTHER PAYABLES</b>			
Creditors		392,774	342,058
Foreign bills payable		372,058	-
Advance from customers		126,323	83,538
Accrued liabilities		1,709,427	1,328,998
Withholding income tax		178	2,394
Unclaimed dividend		15,354	15,431
Sales tax		9,195	8,008
Workers' welfare fund		91,189	71,864
Workers' profit participation fund	19.1	57,102	-
Others		21,171	19,916
		2,794,771	1,872,207



	Note	2017 ----- (Rupees in '000) -----	2016 -----
<b>19.1 Workers' profits participation fund</b>			
Balance as at July 1		-	4,948
Provision made during the year		57,102	-
Interest on funds utilised in business		-	148
Payments made during the year		-	(5,096)
Balance as at June 30		<u>57,102</u>	<u>-</u>

**20. SHORT-TERM BORROWINGS**  
**Banking companies - secured**

Running finance under mark-up arrangements	20.1	677,014	1,311,646
Short-term finances	20.2	1,500,000	2,000,000
Foreign currency loan against:			
- Import finance	20.1	6,002,310	5,586,441
- Export finance	20.1	456,668	655,681
		<u>6,458,978</u>	<u>6,242,122</u>
		<u>8,635,992</u>	<u>9,553,768</u>

20.1 Facilities for running finance, import finance and export refinance are available from various banks upto Rs. 24.78 billion (2016: Rs. 23.09 billion). For running finance facility, the rates of mark-up range between KIBOR + 0.00% to KIBOR + 0.20% per annum (2016: KIBOR + 0.08% to KIBOR + 0.2% per annum) and for import and export finance the rate of mark-up are based on LIBOR + bank's spread (which is decided at the time of disbursement). These are secured against hypothecation of stock, receivables and plant and machinery.

20.2 This represents short term finance facilities under sub-limit of the facilities mentioned in note 20.1 from various banks having mark-up ranging between KIBOR - 0.12% to KIBOR + 0.06% per annum (2016: KIBOR + 0.02% to KIBOR + 0.6% per annum). These are secured against hypothecation of stock and charge on receivables and plant and machinery.

**21. CONTINGENCIES AND COMMITMENTS**

**21.1 Contingencies**

21.1.1 Outstanding guarantees given on behalf of the Company by banks in normal course of business amounting to Rs. 949.04 million (2016: Rs. 842.78 million).

21.1.2 In prior years, Sui Northern Gas Pipeline Limited (SNGPL) charged the company with an amount of Rs. 168 million on account of under billing of gas. The Company lodged a complaint with the Appellate Authority (the 'Authority') against SNGPL and on January 21, 2010, the Authority partly admitted the plea of the Company and allowed partial relief of Rs. 53.89 million. The Company has paid Rs. 113.63 million in prior years. Subsequent to the decision of the Authority, both the Company (to claim additional relief) and SNGPL (against the relief provided) have filed appeals with higher authorities against the decision. Management is of the view that no further liability will arise as it is expected that the final outcome of this case will be in its favour.

21.1.3 The Company filed a suit before the High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GID Cess over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GID cess as a tax was not levied in accordance with the Constitution and hence not valid.

In September 2014, the Federal Government promulgated Gas Infrastructure Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the ground that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the said Ordinance was approved in the Parliament and became an Act.

The company has challenged GIDC Act, 2015 and filed writ petition in the Peshawar High Court (PHC) challenging the vires and legality of the levy and demand of GIDC including its retrospective application. The Court has granted stay against charging of the GIDC under the said Act.

On May 31, 2017, PHC dismissed the said petition, however, the Company has obtained interim relief from the payment of GIDC Cess through monthly bills. Further, the Company is also in the process of filing Civil Petition for Leave to Appeal (CPLA) in honourable Supreme Court, against the said order of PHC.

Since this issue is being faced by industry at large, management is of the view that there is no need to maintain any provision against this liability. The management is confident that decision of the case will be in its favour.

21.1.4 During the year, Supreme Court of Pakistan has passed an order dated November 10, 2016 that the Workers' Welfare Fund (WWF) is a fee, not a tax. Hence, the amendments made through Finance Act, 2006 and 2008 have been declared invalid in the said order. Therefore, the management believe that in the light of the aforementioned judgment, all cases pertaining to WWF, pending for adjudication would be decided in the favour of the company.

21.1.5 The Finance Act 2010 had introduced clause 126F in Part I of Second Schedule of Income Tax Ordinance, 2001 (the Ordinance) exempting the tax on profits and gains derived by a tax payer located in the 'war on terror' affected areas of Khyber Pakhtunkhwa. As a result of this change, the income of the Company including tax on export proceeds for tax years 2010 to 2012 was exempt. However, the said clause does not specifically address the exemption of turnover tax under section 113. In this regard, some companies located in the affected areas filed a petition in Peshawar High Court against the recovery of turnover tax seeking a declaration regarding section 113 and 159 as discriminatory and contrary to the Constitution and the Court granted a relief restraining the recovery of turnover tax. The Company along with other companies in the affected areas also filed the petition on the same grounds. The Peshawar High Court in its order dated July 19, 2012, directed the respondents to extend the benefit to the Company. Subsequently, the Chief Commissioner Inland Revenue filed an appeal in the Supreme Court of Pakistan against the Company and other tax payers of the affected areas, which is pending adjudication.

Through Finance Act 2015, a sub clause (XX) of clause 11(A) of the Second Schedule to the Ordinance has been added which gives relief to the company that Section 113 (turnover tax) does not apply to the tax payers falling under clause 126F. However, the matter of tax charged on other than local sales i.e. tax on export, is still pending adjudication.

Based on the judgement of the Peshawar High Court, the company will not be subject to tax on export sales and hence, has not made aggregate provision on account of tax on export sales for the years ended June 30, 2010, 2011 and 2012.

21.1.6 In the tax year 2013 the Income Tax return of FTML for the tax year 2013 was subsequently amended under section 122(5A) by Additional Commissioner Inland Revenue (ACIR) vide its order dated March 4, 2014 on account of certain disallowance primarily against Workers Welfare Fund (WWF). The Company filed an appeal against the amended order against which Commissioner Inland Revenue Appeals (CIRA) allowed some relief to the Company. Both the Company and tax department being dissatisfied had filed an appeal in the Appellate Tribunal which is pending adjudication. On the other hand Federal Board of Revenue (FBR) has selected said return for the audit under sections 177 and 214C. In pursuance to the aforementioned audit the amended assessment order was further amended by the Deputy Commissioner Inland Revenue (DCIR) making additions of Rs 1.625 million on account of certain disallowed expenses, levied WWF of Rs. 9.158 million and also restricted tax refundable to the amount of advance tax thereby reducing it by Rs. 48.885 million. The Company had filed an appeal before CIRA against the said audit on the grounds that the assessment was prejudicially re-amended without evaluating current status. The appeal is pending adjudication.

Based on the opinion of tax advisors of the company, the management believes that the aforementioned matters will ultimately be decided in the favour of the company. Accordingly, no provision is required to be made against the said amounts in these financial statements.

21.1.7 National Accountability Bureau (NAB) had filed a reference on February 2, 2016 against Executives of GTML in the Accountability Court (Peshawar), alleging that the company purchased electricity from Peshawar Electric Supply Company (PESCO) at a cheaper price and at the same time it sold the electricity to PESCO at a higher price. The management believes that the allegations are false, unsubstantiated and unfounded. The case is devoid of merits as the company sold the electricity after required approvals, licences and at price on which all captive power plants were selling electricity to distribution companies in accordance with Government of Pakistan approved policy.

21.1.8 The Additional Commissioner Inland Revenue, Peshawar has passed the order u/s.122(5A) of the Income Tax Ordinance, 2001 ("the Ordinance") whereby disallowing sales made to customers outside specified area as defined vide Clause 126F, Part-I of the Second Schedule to the Ordinance in the light of Federal Board of Revenue's Circular no.14 of 2011 dated October 06, 2011 and levied tax thereon amounting to Rs.90 million. Subsequently, the order has been set-aside by Commissioner Inland Revenue and directed for fresh assessment proceedings. The hearing of re-assessment proceedings have already been completed, order of which is awaited. However, the Company has also filed writ petition before the High Court of Peshawar to challenge the vires of Circular no.14 of 2011 issued for clarification under Clause (126F) which creates the anomaly and misinterpretation of said clause. The High Court of Peshawar has granted stay on the matter.

21.1.9 The Assistant Commissioner Inland Revenue (ACIR), Peshawar, has passed an order for the Tax Year 2015 which was under audit. The Company has preferred an appeal before the Commissioner Inland Revenue (Appeals) (CIRA) against the frivolous demand created by the Learned ACIR. The CIRA has given partial relief and the tax demand has now been reduced to Rs.462 Million. The Company has filed a second appeal before the Appellate Tribunal Inland Revenue (ATIR) for relief of remaining unjustified additions, which is pending for hearing. According to the Company's legal counsel, the Company has a strong legal ground and there is likelihood that the same will be decided in its favour. Therefore no additional provisions has been record.

	2017	2016
	----- (Rupees in '000) -----	
<b>21.1.10 Others</b>		
Export bills discounted with recourse	1,540,624	1,453,334
Indemnity bond in favour of Collector of Customs against imports	4,105	4,105
Post-dated cheques in favour of Collector of Customs against imports	684,890	850,400

## 21.2 Commitments

Letters of credit opened by banks for:		
Raw materials	477,625	96,658
Stores and spares	28,035	28,326
Foreign currency forward contracts	9,315	17,367

Further, the Company has outstanding contractual commitment under sponsors support agreement, for debt servicing of two loan installments upto Rs 338 million on behalf of Yunus Energy Limited, an associated undertaking.

## 22. SALES - Net

### Export

- Yarn  
- Knitted fabric  
- Waste

Commission on direct export sales

### Local

- Yarn  
- Knitted fabric  
- Waste

Commission on local sales

Sales tax

## 23. COST OF SALES

Opening stock - finished goods

Cost of goods manufactured

Less: Closing stock - finished goods

Note ----- 2017 ----- 2016 -----  
(Rupees in '000)

Export	6,476,222	6,390,318
- Yarn	625,566	914,601
- Knitted fabric	559,758	379,456
- Waste	7,661,546	7,684,375
Commission on direct export sales	(78,591)	(80,905)
	<u>7,582,955</u>	<u>7,603,470</u>
Local	15,313,594	13,963,454
- Yarn	220,895	28,613
- Knitted fabric	204,051	225,326
- Waste	15,738,540	14,217,393
Commission on local sales	(67,942)	(57,454)
Sales tax	(4,975)	(493,932)
	<u>15,665,623</u>	<u>13,666,007</u>
	<u>23,248,578</u>	<u>21,269,477</u>
Opening stock - finished goods	641,035	1,020,840
Cost of goods manufactured	22,550,349	20,163,480
Less: Closing stock - finished goods	(1,280,468)	(641,035)
	<u>21,910,916</u>	<u>20,543,285</u>

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>23.1 Cost of goods manufactured</b>			
Raw material consumed	23.1.1	15,252,169	13,009,669
Salaries, wages and benefits	23.1.2	2,030,634	1,955,076
Stores, spares and loose tools		566,263	626,252
Packing material		481,821	498,457
Rent, rates and taxes		2,522	2,655
Doubling charges		13,879	18,881
Dyeing, stitching and knitting charges		88,980	113,437
Mixing charges		31,533	47,426
Depreciation	4.1.1	726,311	789,825
Fuel and power		3,249,174	3,049,830
Repairs and maintenance		19,118	3,572
Printing and stationery		964	378
Legal and professional		1,052	5,848
Entertainment		4,936	5,672
Fee and subscriptions		8,301	9,529
Insurance		42,875	41,467
Travelling and conveyance		17,404	17,429
Communication		9,584	10,074
Other manufacturing expenses		14,383	11,356
		22,561,903	20,216,833
Work-in-process			
Opening stock		250,971	197,618
Closing stock	9	(262,525)	(250,971)
		(11,554)	(53,353)
Cost of goods manufactured		22,550,349	20,163,480
<b>23.1.1 Raw material consumed</b>			
Opening stock		3,381,252	3,497,588
Purchases - net		15,307,143	12,893,333
Less: Closing stock	9	(3,436,226)	(3,381,252)
		15,252,169	13,009,669

23.1.2 Salaries, wages and benefits include Rs. 144.27 million (2016: Rs. 172 million) in respect of staff retirement benefits.

23.1.3 The average number of employees employed by the Company during the year were 4,816 (2016: 4,853), whereas the total number of employees as at June 30, 2017 were 4,801 (2016 : 4,934).

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>24. DISTRIBUTION COST</b>			
Freight, octroi and handling charges			
- Export		163,808	199,337
- Local		47,786	42,425
		211,594	241,762
Sales promotion		31,926	32,117
Export promotion		15,994	9,739
Bank charges on exports		13,785	15,792
		273,299	299,410
<b>25. ADMINISTRATIVE EXPENSES</b>			
Staff salaries and benefits	25.1	104,260	104,964
Legal and professional		8,229	23,894
Depreciation	4.1.1	17,639	21,459
Travelling and conveyance		3,461	11,334
Electricity		11,421	10,756
Fee and subscriptions		15,821	9,073
Vehicles running and maintenance		8,606	7,457
Insurance		7,320	5,068
Communication		4,708	4,930
Entertainment		1,892	2,803
Secretarial expenses		2,740	2,168
Auditors' remuneration	25.2	1,300	1,300
Printing and stationery		2,170	1,762
Repairs and maintenance		1,186	5,519
Advertisement		352	663
Rent, rates and taxes		335	365
Books and periodicals		53	50
Others		2,422	2,132
		193,915	215,697

25.1 Salaries and benefits include Rs. 4.24 million (2016: Rs 10.2 million) in respect of staff retirement benefits.

**25.2 Auditors' remuneration**

Statutory audit fee	1,150	1,150
Half yearly review and other certifications	150	150
	1,300	1,300



	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>26. FINANCE COST</b>			
Mark-up / interest on:			
Long-term finance		-	424
Short-term borrowings		315,729	433,817
Workers profit participation fund	19.1	-	148
		<u>315,729</u>	<u>434,389</u>
Bank and other financial charges		31,713	31,090
		<u>347,442</u>	<u>465,479</u>
Less: borrowing cost capitalised	26.1	(4,841)	(16,303)
		<u>342,601</u>	<u>449,176</u>

26.1 Borrowing cost is capitalised at weighted average borrowing capitalization rate of 6.28% (2016: 7.19 %).

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>27. OTHER OPERATING EXPENSES</b>			
Exchange loss on foreign currency transactions - net		12,693	76,532
Donations	27.1	180	680
Workers' profit participation fund	19.1	57,102	-
Workers welfare fund		19,325	-
		<u>89,300</u>	<u>77,212</u>

27.1 No director or their spouse had any interest in the donees' fund.

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>28. OTHER INCOME</b>			
Income from financial assets			
Profit on deposit accounts		1,830	6,085
Unrealised gain on short-term investment		-	15,989
Realised gain on short-term investment		98,171	-
Dividend income		2,440	-
		<u>102,441</u>	<u>22,074</u>
Income from non-financial assets			
Scrap sales		8,940	8,259
Rebate on export sales		148,834	-
Gain on disposal of operating fixed assets - net		2,078	10,022
		<u>159,852</u>	<u>18,281</u>
		<u>262,293</u>	<u>40,355</u>

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>29. TAXATION</b>			
Current			
- for the year		258,170	212,452
- prior year		-	(26,396)
		<u>258,170</u>	<u>186,056</u>
Deferred		19,782	(4,375)
		<u>277,952</u>	<u>181,681</u>

#### 29.1 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

29.2 As required by Finance Act, 2017, a tax shall be imposed at the rate of 10% on every public Company other than scheduled bank or modaraba that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares. As the Company has made a profit for the current year, therefore the Company is required to either pay tax on undistributed reserve or profit as mentioned earlier. As of now, no such decision has been taken by the management of the Company in this regard, therefore no provision for tax on undistributed reserve is recorded in these financial statements.

#### 30. EARNINGS PER SHARE - Basic and Diluted

There is no dilutive effect on the basic earnings per share of the Company which is based on:

		2017	2016
Profit / (Loss) for the year	Rupees in '000	806,986	(273,845)
Number of ordinary shares		28,029,583	28,029,583
Earnings per share	Rupees	<u>28.79</u>	<u>(9.77)</u>

#### 31. REMUNERATION OF DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including benefits, to directors and executives of the Company were as follows:

	2017		2016	
	Director	Executives	Director	Executives
	----- Rupees in '000 -----			
Remuneration	14,580	28,436	14,580	20,907
House rent	1,980	9,166	1,980	7,394
Utilities	1,440	2,844	1,440	2,091
Bonus	3,000	4,190	-	375
Medical	-	2,420	-	1,316
Leave encashment	-	3,008	-	1,304
	<u>21,000</u>	<u>50,064</u>	<u>18,000</u>	<u>33,387</u>
Number of persons	<u>1</u>	<u>26</u>	<u>1</u>	<u>24</u>

31.1 The company also provides vehicles for use to Chief Executive and Executives as per company policy.

31.2 Meeting fee of Rs. 0.678 million (2016: Rs. 0.086 million) has been paid to seven Directors.

	2017	2016
<b>32. PRODUCTION CAPACITY</b>		
Spinning Mill		
Total number of spindles installed	321,676	321,676
Number of shifts worked per day	3	3
Number of days worked	365	365
Number of shifts worked	1,093	1,093
Average number of spindles shift worked	346,194,195	337,258,749
Installed capacity after conversion into 20's (Kgs)	133,423,624	133,423,624
Actual capacity after conversion into 20's (Kgs)	130,251,254	130,251,254
Actual production (Kgs)	77,607,237	74,091,095
Knitting		
Total number of knitting machines installed	12	12
Average number of days worked	-	-
Installed capacity (kgs)	1,485,000	1,485,000

It is difficult to describe precisely the production capacity in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist per inch, raw material used, etc.

The knitting capacity has not been used during the year because the company outsourced its knitting production in order to achieve lower cost of production.

### 33. RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, other associated undertakings, directors and key management personnel. Transactions between the Company and the related parties are carried out as per agreed terms. Transactions with related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 31 and not mentioned else where in the financial statements, are as follows:

Name of Related Party Associated companies - Common Directorship	Nature of Transaction	2017	2016
		----- (Rupees in '000) -----	
Lucky Cement Limited	Purchase of cement	3,336	2,180
	Reimbursement of expenses	706	134
	Reimbursement for expenses	-	323
Lucky Knits (Private) Limited	Yarn sold	646,705	656,177
	Vehicle and other item sold	410	1,340
	Yarn purchase	4,631	3,701
	Knitting and dyeing charges	-	37,879
	Purchase of goods & services	33,909	-
Yunus Textile Mills Limited	Yarn sold	461,701	360,651
	Raw material sold	-	170
	Doubling charges	-	25
Feroze 1888 Mills Limited (Note 33.1)	Yarn sold	-	42,434
	Raw material sold	-	849
Lucky Textile Mills Limited	Yarn sold	2,151,762	1,788,207
	Sale of fabric	197,985	11,351
	Doubling charges	205	48
	Processing charges	3,454	-
Lucky Energy (Pvt) Limited	Purchase of electricity	1,109,849	1,097,176
Yunus Energy Limited	Vehicle sold	-	1,235
	Investment in shares	-	407,000
	Reimbursement of expenses	4,483	3,656
	Share of profit / (loss) on investment	143,864	(18,504)
Lucky Holdings Limited	Share of profit on investment	27,683	24,397
	Share of other comprehensive income	(415)	(140)
ICI Pakistan Limited	Purchase of fibre	1,308,722	1,397,546
	Sale of fiber	22,379	-
	Share of profit on investment	212,551	176,892
	Share of other comprehensive income	(3,624)	(904)
	Dividend received	101,676	77,752
Lucky One (Private) Limited	Vehicle sold	1,800	-

33.1 Feroze 1888 Mills Limited was classified as related party in prior periods due to common directorship. However on 30 June 2016, the said director has resigned from the board of directors of Feroze 1888 Mills Limited. Hence it is no more classified as a related party.

	2017	2016
	----- (Rupees in '000) -----	
<b>34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES</b>		
<b>34.1 Financial instruments by category</b>		
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Long-term loans	20,776	29,048
Trade debts	1,750,769	1,547,639
Loans and advances	31,496	27,342
Other receivables	156,037	10,991
Cash and bank balances	163,926	387,454
	<u>2,123,004</u>	<u>2,002,474</u>
<b>Investment at fair value through profit or loss</b>		
Short-term investment	-	75,734
	<u>2,123,004</u>	<u>2,078,208</u>
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Trade and other payables	2,489,613	1,686,487
Accrued mark-up	87,667	45,605
Short-term borrowings	8,635,992	9,553,768
	<u>11,213,272</u>	<u>11,285,860</u>

#### 34.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

##### 34.2.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from trade debts, loans and advances, and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2017	2016
	----- (Rupees in '000) -----	
Long-term loans	20,776	29,048
Trade debts	1,750,769	1,547,639
Advances	31,496	27,342
Other receivables	156,037	10,991
Bank balances	153,803	374,997
	<u>2,112,881</u>	<u>1,990,017</u>

The trade debts are due from foreign and local customers for export and local sales respectively. Trade debts from foreign customers are secured against letters of credit. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors. As at the balance sheet date, there are no past due trade debt balances. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings. Loans to employees are secured against their gratuity balances.

##### 34.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

##### June 30, 2017

	Within 1 year	2 - 5 years	More than 5 years	Total
	----- Rupees in '000 -----			
<b>Financial liabilities</b>				
Trade and other payables	2,489,613	-	-	2,489,613
Accrued mark-up	87,667	-	-	87,667
Short-term borrowings	8,635,992	-	-	8,635,992
	<u>11,213,272</u>	<u>-</u>	<u>-</u>	<u>11,213,272</u>

##### June 30, 2016

	Within 1 year	2 - 5 years	More than 5 years	Total
	----- Rupees in '000 -----			
<b>Financial liabilities</b>				
Trade and other payables	1,686,488	-	-	1,686,488
Accrued mark-up	45,605	-	-	45,605
Short-term borrowings	9,553,768	-	-	9,553,768
	<u>11,285,861</u>	<u>-</u>	<u>-</u>	<u>11,285,861</u>

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements, which includes short-term borrowings and discounting of foreign receivables.



### 34.2.3 Market risk

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

#### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at year end, fair value of equity securities exposed to price risk were as follows:

	2017	2016
	(Rupees in '000)	
Investment at fair value through profit or loss		
- held for trading	-	75,734

In case of 10% increase / decrease in fair value of equity securities on June 30, 2017, profit or loss for the year would have been affected by Rs. Nil (2016: Rs. 4 million) as a result of gain / loss.

#### 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 risk arises from long and short-term borrowings from financial institutions. At the balance sheet date the interest rate risk profile of the Company's interest-bearing financial instruments is:

	2017	2016
	(Rupees in '000)	
<b>Fixed rate instruments</b>		
Financial assets	-	212
<b>Variable rate instruments</b>		
Financial liabilities		
- KIBOR based	2,177,014	3,311,646
- LIBOR based	6,458,978	6,242,122
	8,635,992	9,553,768

#### 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 or loss. Therefore, a change in interest rate 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 KIBOR based financial liabilities and 25 basis points change in LIBOR based financial liabilities at the reporting date would have increased / (decreased) equity and profit or loss by Rs. 37.918 million (2016: Rs. 48.722 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as in previous year.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. The Company enters into forward foreign exchange contracts to cover its exposure to foreign currency risk. As at year end, the financial assets and liabilities exposed to currency risk are as follows:

	2017	2016	2017	2016
	USD		PKR in '000	
Trade debts	5,513,111	5,543,600	577,775	582,539
Foreign currency bank balances	336,980	352,111	35,316	36,848
Import loan (LC's)	(56,804,781)	(53,037,538)	(5,964,502)	(5,560,986)
Export finance	(4,349,219)	(2,129,468)	(456,668)	(223,275)
Accrued mark-up	(225,659)	(154,316)	(23,694)	(16,180)
	CHF		PKR in '000	
Import loan (LC's)	(44,776)	(21,758)	(4,914)	(2,386)
Accrued mark-up	(449)	(413)	(49)	(45)
	Euro		PKR in '000	
Trade debts	-	11,108	-	1,292
Foreign currency bank balances	-	73	-	8
Import loan (LC's)	(273,810)	(202,739)	(32,896)	(23,070)
Accrued mark-up	(636)	(520)	(76)	(59)

The following significant exchange rates applied during the year:

	Average rates		Balance sheet date rates	
	2017	2016	2017	2016
US Dollars to PKR	104.81	104.37	105.00 / 104.80	104.85 / 101.67
Euro to PKR	112.75	115.87	120.14 / 119.91	113.79 / 113.57
CHF to PKR	105.26	106.51	109.75 / 109.54	106.85 / 106.64

As at June 30, 2017, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollars, Euros and Swiss franc with all variables held constant, profit or loss for the year would have been lower / higher by Rs. 586.971 million (2016: Rs. 518.11 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in previous year.

### 35. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

#### Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

As at June 30, 2017, the company has no financial instruments that falls into any of the above category.

### 36. CAPITAL RISK MANAGEMENT

"The objective of the Company when managing capital, i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

### 37. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

Revenue from sales of yarn represents 93% (2016: 95%) of total revenue whereas, remaining represents revenue from sales of knitted fabric and waste material.

All non current assets of the Company as at June 30, 2017 are located in Pakistan.

67% (2016: 64%) of sales of yarn are local sales whereas 33% (2016: 36%) of sales are export / foreign sales.

Revenue from single major customer of the Company represent 8.74% (2016: 17%) of total revenue of the Company.

### 38. GENERAL

These financial statements has been rounded off to the nearest thousand rupees.

The Board of Directors proposed a final dividend for the year ended June 30, 2017 of Rs.5 per share (2016: Nil) amounting to Rs.140.15 million (2016: Nil).

These financial statements were authorized for issue on August 3, 2017 by the Board of Directors of the Company.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD YUNUS TABBA**  
Chairman

# notice of 30th annual general meeting

Notice is hereby given that the 30th Annual General Meeting of the members of Gadoon Textile Mills Limited ("Company") scheduled to be held on Thursday, September 28, 2017 at 10:00 a.m. at 200-201, Gadoon Amazai Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa to transact the following business:

## Ordinary Business

1. To confirm the Minutes of Annual General Meeting held on October 29, 2016.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2017 together with the Directors' and Auditors' report thereon.
3. To approve the cash dividend @ Rs.5 per share for the year ended June 30, 2017 as recommended by the Board of Directors.
4. To appoint Auditors for the year ending June 30, 2018 and fix their remuneration.
5. To transact any other business with the permission of the Chair.

## Special Business

1. To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended June 30, 2017 by passing the following resolution:

**"RESOLVED THAT** the related parties transactions carried out by the Company with Lucky Cement Limited, Yunus Textile Mills Limited, Lucky Textile Mills Limited, Lucky Knits (Private) Limited, Lucky Energy (Private) Limited, ICI Pakistan Limited, Yunus Energy Limited, Lucky Holdings Limited, Y.B. Holdings (Private) Limited, Lucky One (Private) Limited and other such related parties during the year ended June 30, 2017 be and are hereby approved."

2. To approve transactions with related parties and to authorize the board of directors of the Company to carry out such related party transactions at its discretion from time to time, irrespective of the composition of the board of directors.

The resolutions to be passed are as under:

**"RESOLVED THAT** the Company may carry out transactions including, but not limited to, the sale of yarn, machinery and other necessary goods, as well as the purchase of cement, cloth, garments, textiles, machinery, and other necessary commodities including receipt and payment of dividends, with related parties from time to time including, but not limited to, Lucky Cement Limited, Yunus Textile Mills Limited, Lucky Textile Mills Limited, Lucky Knits (Private) Limited, Lucky Energy (Private) Limited, ICI Pakistan Limited, Lucky Landmark (Private) Limited, Yunus Energy Limited, Lucky Holdings Limited, Y.B. Holdings (Private) Limited, Y.B. Pakistan Limited, Lucky One (Private) Limited and other such related parties to the extent of Rs.8,250,000,000/- (Rupees Eight billion Two Hundred Fifty Million Only) for the fiscal year 2017-18.

**FURTHER RESOLVED THAT** within the parameters approved above by the shareholders of the Company, the board of directors of the Company may approve specific related party transactions from time to time, irrespective of the composition of the board, and in compliance with the Company's policy pertaining to related party transactions and notwithstanding any interest of the directors of the Company in any related party transaction which has been noted by the shareholders."

By order of the Board



**Abdul Sattar Abdullah**  
Company Secretary

Karachi: September 7, 2017

## Notes

### 1. CLOSURE OF SHARE TRANSFER BOOKS

The Share Transfer Books of the Company will remain closed from Thursday, September 21, 2017 to Thursday, September 28, 2017 (both days inclusive). Transfer received in order at our Share Registrar/Transfer agent M/s. Central Depository Company of Pakistan Limited (CDC), CDC House, 99-B, S.M.C.H. Society, Main Shahr-e-Faisal, Karachi 74400, at the close of business on Wednesday, September 20, 2017, will be considered in time for the purpose of above entitlement to the transferees.

### 2. PARTICIPATION IN GENERAL MEETING

All shareholders of the company are entitled to attend and vote at the general meeting of the company after verification of his/her identity.

A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her.

Proxies in order to be effective must be received by the company at the Registered Office of the Company at 200-201, Gadoon Amazai Industrial Estate, Gadoon Amazai, District Swabi, Province of Khyber Pakhtunkhwa, at least 48 hours before the time of holding the meeting.

**CDC account holders are advised to follow the following guidelines.**

**For attending the meeting:**

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

**For appointing proxies**

- i) In case of Proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owner's CNIC or Passport, Account and Participant's I.D. numbers must be deposited along with the form of proxy.
- ii) In case of proxy for representative of corporate members from CDC, Board of Directors' Resolution and Power of Attorney and the specimen signature of the nominee must be deposited along with the form of proxy. The proxy shall produce his/her original Computerized National Identity Card or Passport at the time of meeting.
- iii) In order to be effective, the form of proxy duly completed, stamped, signed and witnessed along with Power of Attorney, or other instruments (if any), must be deposited at the registered office of the company at least 48 hours before the time of holding the meeting.
- iv) If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the Company, all such forms of proxy shall be rendered invalid.

### 3. NOTIFY THE CHANGES IN ADDRESS OF SHAREHOLDER

The shareholders of the company are requested to notify changes in their mailing addresses (if any), to our share registrar/transfer agent.



**4. SUBMISSION OF COPIES OF CNIC (MANDATORY)**

Pursuant to the Notification S.R.O. 275(I)/2016 dated March 31, 2016 read with S.R.O.19(I)/2014 dated January 10, 2014 and S.R.O. 831(I)/2012 dated July 5, 2012 of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC or NTN in case of corporate entities (if not already provided) to the Company's Share Registrar.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend Warrants in terms of Section 251(2)(a) of the Companies Ordinance 1984, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

**5. WITHHOLDING TAX ON DIVIDEND**

Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001, whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a)	For Filers of Income Tax Returns	15.0%
(b)	For Non-Filer of Income Tax Returns	20.0%

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15% as per Finance Act, 2017.

**5.1 FOR JOINT SHAREHOLDERS**

For shareholders holding their shares jointly as per the clarification issued by the Federal Board of Revenue withholding tax will be determined separately on 'Filer, Non-filer' status of Principle shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of Principle shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follows:

GADOON TEXTILE MILLS LIMITED					
Folio/CDC Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC	Shareholding Proportion (No. of Shares)	Name and CNIC	Shareholding Proportion (No. of Shares)

**6. PAYMENT OF CASH DIVIDEND ELECTRONICALLY (E-MANDATE) (OPTIONAL)**

The SECP has initiated e-dividend mechanism through its Notification 8(4) SMICDCI2008 dated April 05, 2013. In order to avail benefits of e-dividend shareholders are hereby advised to provide details of their bank mandate specifying: (i) Title of Account, (ii) Account Number, (iii) Bank Name, (iv) Branch Name, Code and Address to Company's Share Registrar, shareholders who hold shares with Participants/CDC are advised to provide the mandate to the concerned Participant/CDC.

The form for providing relevant information for receiving payment of Cash Dividend Electronically has been available at Company's website www.gadoontextile.com. Filled forms may please forward to the Company's share registrar.

**7. DISTRIBUTION OF AUDITED FINANCIAL STATEMENTS / NOTICES THROUGH EMAIL**

As notified by the SECP vide S.R.O. No. 787(I)/2014 dated September 8, 2014, all listed companies are allowed to circulate audited financial statements along with notice of annual general meetings to its shareholders through their e-mail addresses subject to written consent of the shareholders.

Shareholders of the company who wish to receive audited financial statements, notice of general meetings and other financial reports through e-mail are requested to fill the required information on the Form earlier dispatched to the Shareholders of the Company. The form is also available at company's website www.gadoontextile.com. Filled forms may please forward to the company's share registrar.

**8. CONSENT FOR VIDEO CONFERENCE FACILITY**

Pursuant to SECP Circular No. 10 of 2014 dated May 21, 2014, if company receives consent form from shareholders holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit to registered office of the Company:

**Consent Form for Video Conference Facility**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a shareholder of Gadoon Textile Mills Limited, holder of \_\_\_\_\_ ordinary share(s) as per Register Folio / CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

Signature of Member(s)

THE STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 PERTAINING TO THE "SPECIAL BUSINESS" AND REGULATION 3 OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2012 IS ANNEXED WITH THE NOTICE BEING SENT TO THE MEMBERS.

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## Statement Under Section 160(1)(B) of the Companies Ordinance, 1984 Pertaining to Special Business

**This statement sets out the material facts pertaining to the special business, being Item No. 2 on the Notice, intended to be transacted at the annual general meeting of the company to be held on September 28, 2017**

As per the instructions of the Securities and Exchange Commission of Pakistan (the "SECP"), the company has been directed to obtain a broad approval from the shareholders of the company, regarding related party transactions carried out by the company from time to time.

On a strict reading of the laws, the SECP is of the opinion that due to the composition of the board of directors of the company, the board of directors would be unable to approve the transactions carried out by the Company with other companies having common directors.

Although transactions carried out by the company with related parties constitute a small fraction of the company's entire business, this would adversely affect the business of the company. The company carries out transactions with its associated companies and related parties in the normal course of business.

The company carries out such transactions in a fair and transparent manner and on an arm's length basis. All transactions entered into with associated companies and related parties require the approval of the Audit Committee of the company, which is chaired by the independent director of the company. The Audit Committee reviews the transactions and ensures that the pricing method is transparent and at par with running market practice and that the terms are as per the company's practices. Only upon the recommendation of the Audit Committee, are such transactions placed before the board of directors for approvals.

The transactions with related parties to be ratified have been disclosed in the financial statements for the year ended June 30, 2017. All such transactions were approved by the Audit Committee and were carried out at arm length basis.

Furthermore, since such transactions are an ongoing process and are approved by the board of directors on a quarterly basis, the shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis.

Transactions intended to be carried out by the Company include, but are not limited to, sale of yarn, machinery and other necessary goods, as well as the purchase of cement, cloth, garments, textiles, machinery, and other commodities including receipt and payment of dividends with the following related parties but are not limited to:

- |                                     |                                   |
|-------------------------------------|-----------------------------------|
| 01. Lucky Cement Limited            | 02. Yunus Textile Mills Limited   |
| 03. Lucky Textile Mills Limited     | 04. Lucky Knits (Private) Limited |
| 05. Lucky Energy (Private) Limited  | 06. ICI Pakistan Limited          |
| 07. Yunus Energy Limited            | 08. Lucky Holdings Limited        |
| 09. Y.B. Holdings (Private) Limited | 10. Lucky One (Private) Limited   |

The shareholders would note that it is not possible for the company or the directors to accurately predict the nature of the related party transaction or the specific related party (ies) with which the transaction(s) shall be carried out. In view of the same, the company seeks the broad approval of the shareholders that the board may cause the company to enter into related party transactions in its wisdom and in accordance with the policy of the company to the extent of Rs.8,250,000,000/- (Rupees Eight billion Two Hundred Fifty Million Only) for the fiscal year 2017-18.

All such transactions are clearly stipulated at the end of the year in the company's annual report.

Furthermore, the company and the board continuously serve to protect the interests of the shareholders of the company and the said transactions are entered into in order to benefit the company and its stakeholders.

The interest of the relevant directors of the company in the associated companies / related parties are known to the shareholders and are disclosed by the company as per the applicable laws, including in the financial statements of the company.

# pattern of shareholding

As at June 30, 2017

No. of Shareholders	No. of Shareholders		Total Shares Held
	From	To	
772	1	100	29,715
807	101	500	202,488
396	501	1000	319,971
256	1001	5000	612,551
57	5001	10000	441,004
19	10001	15000	232,559
16	15001	20000	286,275
7	20001	25000	161,501
2	25001	30000	56,400
3	30001	35000	104,800
1	35001	40000	36,906
1	40001	45000	44,000
2	50001	55000	100,900
3	60001	65000	185,767
1	65001	70000	70,000
1	75001	80000	77,518
1	110001	115000	111,500
1	120001	125000	120,711
1	130001	135000	132,497
1	170001	175000	172,900
1	360001	365000	360,500
1	370001	375000	373,803
1	400001	405000	402,400
2	405001	410000	813,350
1	560001	565000	563,522
1	715001	720000	716,494
1	740001	745000	743,210
1	1055001	1060000	1,056,600
1	19495001	19500000	19,499,741
<b>2,358</b>			<b>28,029,583</b>

Categories of Shareholders	Shareholdings	Shares Held	Percentage
<b>Director And Spouse(S)</b>			
Mr. Muḥammad Yunus Ṭabba	1	3,673	0.01
Mr. Muḥammad Sohail Ṭabba	1	3,673	0.01
Mr. Muḥammad Ali Ṭabba	1	3,673	0.01
Mr. Imran Yunus	1	3,673	0.01
Mr. Jawed Yunus Ṭabba	1	3,673	0.01
Mrs. Mariam Ṭabba Khan	1	3,673	0.01
Mrs. Zulekha Ṭabba Maskatiya	1	3,673	0.01
Mr. Saleem Zamindar	1	500	0.00
<b>Associated Companies, Undertaking And Related Parties</b>			
Y.B. Holdings (Private) Limited	1	19,499,741	69.57
Executives	-	-	-
Public Sector Companies And Corporations	-	-	-
Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Mudaraba And Pension Funds	55	2,399,973	8.56
<b>Mutual Funds</b>			
Golden Arrow Selected Stocks Fund Limite	1	19,301	0.07
Cdc - Trustee Faysal Balanced Growth Fund	1	35,000	0.12
Cdc - Trustee Faysal Asset Allocation Fund	1	8,000	0.03
Cdc - Trustee National Investment (Unit)	1	132,497	0.47
<b>General Public</b>			
A. Local	2286	5,888,905	21.01
B. Foreign	4	19,955	0.07
Foreign Companies	-	-	-
Others	-	-	-
	<b>2,358</b>	<b>28,029,583</b>	<b>100.00</b>



## glossary

AGM	Annual General Meeting
ATIR	Appellate tribunal Inland Revenue
BMR	Balancing, Modernizing and Replacement
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CS	Company Secretary
DPS	Dividend Per Share
EBITDA	Earnings Before Interest Tax Depreciation and Amortization
EOGM	Extra Ordinary General Meeting
EPS	Earnings Per Share
GIDC	Gas Infrastructure Development Cess
GTML	Gadoon Textile Mills Limited
IASs	International Accounting Standards
IASB	International Accounting Standards Board
ICIP	ICI Pakistan Limited
IFRIC	International Financial Reporting Interpretation Committee
IFRSs	International Financial Reporting Standards
KIBOR	Karachi Inter-Bank Offer Rate
LHL	Lucky Holdings Limited
LIBOR	London Inter-Bank Offer Rate
MMBTU	Million Metric British Thermal Units
MW	Mega Watt
PE	Price Earnings Ratio
PESCO	Peshawar Electricity Supply Corporation
PSF	Polyster Staple Fiber
PSX	Pakistan Stock Exchange
SNGPL	Sui Northern Gas Pipeline Limited
WHR	Waste Heat Recovery Plant
WWF	Workers' Welfare Fund
WWF PAKISTAN	World Wildlife Fund
YBG	Yunus Brother Group
YTML	Yunus Textile Mills Limited

# form of proxy

The Company Secretary,  
GADOON TEXTILE MILLS LIMITED  
200-201, Gadoon Amazai Industrial Estate.  
Distt, Swabi, Khyber Pakhtunkhwa.

I/We \_\_\_\_\_ of  
(full address) \_\_\_\_\_

being member of Gadoon Textile Mills Limited and holder of \_\_\_\_\_  
ordinary shares as per Share Register Folio No. \_\_\_\_\_  
and/or CDC Participant I.D. No. \_\_\_\_\_  
and Sub- Account No. \_\_\_\_\_  
hereby appoint \_\_\_\_\_  
of (full address) \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
of (full address) \_\_\_\_\_

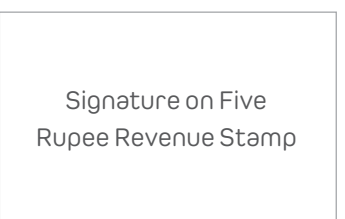
who is also a member of Gadoon Textile Mills Limited, as my/our proxy in my/our absence to attend and to vote and act for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on Thursday, September 28, 2017 at 10:00 am and at any adjournment thereof.

Signature this \_\_\_\_\_ day of \_\_\_\_\_, 2017

## Witness

1) Signature : \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
CNIC No. : \_\_\_\_\_

2) Signature : \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
CNIC No. : \_\_\_\_\_



Signature of members should match with the specimen signature registered with the company

## Note:

1. Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. Proxy must be a member of the Company.
2. CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card with this proxy form before submission to the Company.

## پراکسی فارم

جناب کمپنی سیکریٹری  
گدون ٹیکسٹائل ملز لمیٹڈ،  
200-201 گدون امازئی انڈسٹریل اسٹیٹ،  
ضلع صوابی، خیبر پختونخواہ۔

میں / ہم \_\_\_\_\_ کے \_\_\_\_\_  
بحیثیت رکن گدون ٹیکسٹائل ملز لمیٹڈ اور حامل \_\_\_\_\_ عام حصص، بمطابق شیئر رجسٹرڈ فولیو / سی ڈی سی شراکتی آئی ڈی نمبر \_\_\_\_\_  
اور ذیلی کھاتہ نمبر \_\_\_\_\_ مسی / مسماة \_\_\_\_\_ ساکن \_\_\_\_\_  
فولیو / سی ڈی سی شراکتی آئی ڈی نمبر \_\_\_\_\_ اور ذیلی کھاتہ نمبر \_\_\_\_\_ یا بصورت دیگر مسی / مسماة \_\_\_\_\_  
ساکن \_\_\_\_\_ فولیو / سی ڈی سی شراکتی آئی ڈی نمبر \_\_\_\_\_ اور ذیلی کھاتہ نمبر \_\_\_\_\_  
کو اپنی جگہ بروز جمعرات 28 ستمبر 2017 بوقت 10 بجے صبح منعقد یا ملتوی ہونے والے کمپنی کے تیسویں سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ (پراکسی) مقرر کرتا / کرتی ہوں۔  
مورخہ \_\_\_\_\_ 2017

دستخط گواہ نمبر 1 \_\_\_\_\_  
نام \_\_\_\_\_  
پتہ \_\_\_\_\_  
شناختی کارڈ نمبر \_\_\_\_\_

دستخط گواہ نمبر 2 \_\_\_\_\_  
نام \_\_\_\_\_  
پتہ \_\_\_\_\_  
شناختی کارڈ نمبر \_\_\_\_\_

### نوٹ:

نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہونا چاہیے۔ نمائندے کو کمپنی کارکن ہونا ضروری ہے۔  
سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹر انزومی شناختی کارڈ کی تصدیق شدہ کاپی تشکیل نیا بت داری داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔







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اس انداز سے ضابطہ اخلاق مرتب کرنا کہ رہنمائی بھی اخلاقی اقدار پر مبنی ہو اور ماحول بھی انہی اخلاقی اقدار کا مظہر ہو۔

## بورڈ کے ڈائریکٹروں کی کارکردگی کی جانچ پڑتال

آپ کی کمپنی کا بورڈ آف ڈائریکٹر اعلیٰ پیشہ ورانہ صلاحیتوں کے حامل افراد پر مبنی ایک تنظیمی ڈھانچہ ہے۔ بورڈ کے تمام ممبران اعلیٰ صلاحیتوں کے حامل ایسے افراد ہیں جن کے پاس مختلف شعبہ ہائے زندگی کا تجربہ ہے، یہ افراد گہری کاروباری سوجھ بوجھ اور دورانہ دہی کے حامل ہیں۔ بورڈ کل آٹھ ممبران پر مشتمل ہے جن میں ایک آزاد ڈائریکٹر بھی شامل ہے جنہیں مختلف کاروباری جہتوں کا پیشہ ورانہ تجربہ حاصل ہے۔

بورڈ کی کاروائیاں بہترین کاروباری طریق پر مشتمل ہیں اور ان طریق ہائے کار میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ضوابط کی مکمل پاسداری کی جاتی ہے، بورڈ کی جانب سے اپنی ہی کارکردگی کو مؤثر انداز سے جانچنے کیلئے ایک انتہائی مربوط ضابطہ کار موجود ہے جس کے تحت بورڈ کا ہر ممبر فرداً فرداً جانچ سے متعلق چند مسلسل سوالات کے جوابات دے کر بورڈ

کی مجموعی کارکردگی کا جائزہ لیتا ہے، اس کے بعد تسلسل کے ساتھ پوچھے گئے ان سوالات کو ایک ساتھ مرتب کیا جاتا ہے اور ممبران اجتماعی طور پر اسے زیر بحث لاتے ہیں۔ دوران مباحث بورڈ اس بات کا جائزہ لیتا ہے کہ اس کی جانب سے مالیاتی معاملات، کمپنی کو رہنمائی فراہم کرنے، حکمت عملی بنانے اور پالیسیوں اور ضوابط کی پاسداری کرتے ہوئے کمپنی کی انتظامیہ کو رہنمائی کرنے جیسے اہم امور میں اسکی کارکردگی کیسی رہی۔

کام کی شرائط کو مد نظر رکھتے ہوئے بورڈ نے مخصوص امور سے متعلق کمیٹیاں تشکیل دینے میں ہمیشہ مستعدی اور پیشگی کا مظاہرہ کیا ہے۔ مجموعی سطح پر بورڈ کی کارکردگی انتہائی اطمینان بخش رہی اور بورڈ اس اہم نکتے سے پوری طرح آگاہ ہے کہ بورڈ کی کارکردگی میں تسلسل کے ساتھ اصلاح پر ہی دراصل کمپنی کی کامیابی کا دار و مدار ہے۔

## چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ

یہ بورڈ کا معمول رہا ہے کہ چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ مستقل بنیادوں پر لیا جاتا رہے اور اس ضمن میں چیئر مین کے روبرو سفارشات پیش کی جاتی رہیں۔

چیف ایگزیکٹو آفیسر کی کارکردگی کو جانچنے کیلئے معیاری اور مقدراری دونوں ہی قسم کے معیارات کو بروئے کار لایا جاتا ہے، جس میں کمپنی کی مجموعی مالیاتی کارکردگی، مقاصد کا تعین، رہنمائی کے اصولوں کی پاسداری اور مؤثر انتظامیہ جیسے امور شامل ہیں البتہ جانچ کے معیار

محض انہی امور تک محدود نہیں ہیں۔ مالیاتی کارکردگی کو مضبوط سے مضبوط تر بنانے کی غرض سے مستقل بنیادوں پر کی جانے والی کوششیں، صارفین میں اضافہ، مضبوط انسانی وسائل اور سپلائی چین میں نئی حکمت عملیوں اور نئی جہتوں سے فوائد اٹھانے جیسے امور بھی چیف ایگزیکٹو آفیسر کی جانچ کے عمل میں انتہائی اہم کردار ادا کرتے ہیں۔

## ڈائریکٹروں کی تربیت

تمام ڈائریکٹر ان اپنی فرائض کو احسن طریقے سے سرانجام دینے کے لیے نہ صرف تربیت یافتہ ہیں بلکہ کمپنیز آرڈیننس 1984 اور اسٹاک مارکیٹ کی رول بک کے تحت اپنے فرائض و ذمہ داریوں سے بخوبی آگاہ ہیں۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز ڈیلائیٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس مالی سال 30 جون 2017 کا سالانہ آڈٹ مکمل کر چکے ہیں اور انکی جانب سے آڈٹ رپورٹ بھی جاری کی جا چکی ہے۔ آڈیٹرز ہذا سالانہ عام اجلاس کے اختتام پر ریٹائر ہو چکے ہیں، تاہم اہلیت کے حامل ہونے کی وجہ سے انھوں نے اپنی خدمات دوبارہ پیش کی ہیں، آڈٹ کمیٹی کی تجویز پر بورڈ نے انہی آڈیٹرز کی مالی سال 30 جون 2018 کیلئے تعیناتی کی۔ سفارش کی ہے۔

## ترتیب حصص داری

آپ کی کمپنی کی ترتیب حصص داری اور اضافی معلومات برائے مالی سال 30 جون 2017 کو رپورٹ ہذا پر ملاحظہ کیا جاسکتا ہے۔ کمپنی کے مجموعی حصص کا 69.57 فیصد منسلک کمپنیوں اور پبلک سیکٹر کمپنیوں کے پاس، 9.26 فیصد بینکوں رانشورٹس کمپنیوں، میوچل فنڈز کے پاس، ڈائریکٹر 0.09 فیصد اور 21.08 فیصد حصص افراد کے پاس ہیں۔

## مستقبل پر نظر:

پاکستان کی برآمدات بشمول ٹیکسٹائل سیکٹر میں زبردست کمی کے باعث حکومت کی جانب سے امدادی پکیج کا اعلان کیا گیا ہے جس کا سب سے بڑا حصہ ٹیکسٹائل سیکٹر کیلئے مختص کیا گیا ہے۔ مزید برآں، رواں دورانے میں حکومت نے 55.5 یا اس سے زیادہ کاؤنٹ کے درآمدی سوت پر اینٹی۔ڈمپنگ محصولات عائد کر دیئے ہیں۔ ان حکومتی اقدامات کی وجہ سے نہ صرف مقامی منڈیوں میں طلب بڑھے گی بلکہ درآمدات میں خاطر خواہ کمی سے معیشت کو استحکام بھی ملے گا۔ مزید یہ کہ پارچہ بانی کی صنعت میں فائونڈیشن کی کھپت بھی بڑھے گی اور ملکی برآمدی نوعیت کی مصنوعات کو علاقے میں موجود دیگر مسابقت کاروں کے مد مقابل لانے میں بھی مدد ملے گی۔ کمپنی حکومت کی جانب سے اس قسم کے اقدامات کا خیر مقدم کرتی ہے جس کی وجہ سے ایک جانب تو عالمی منڈیوں میں پاکستان کی برآمدی مصنوعات اپنی مسابقتی قوت واپس حاصل کرنے میں کامیاب ہو جائیں گی اور دوسری جانب ان اقدامات کی وجہ سے حکومت کی جانب سے متعین کردہ شرح نمو کے مجموعی اہداف کے حصول میں بھی مدد ملے گی۔

ہم اپنے صارفین اور مصنوعات کے مضبوط پورٹ فولیو کی بنیاد پر توسیع کا عمل جاری رکھیں گے اور معیار کے اعتبار سے بہترین مصنوعات کی تیاری کے لیے جدید ترین ٹیکنالوجی، اپ گریڈ شدہ مشینری کے حصول اور تحقیق میں سرمایہ کاری کریں۔

اپنے حصص داران کو زیادہ سے زیادہ نفع پہنچانے کی غرض سے کمپنی کی انتظامیہ مسلسل اس ضمن میں کوشاں ہے کہ ویلیو ایڈڈ ٹیکسٹائل چین میں مناسب مواقع کو تلاش کیا جائے اور کمپنی کے موجودہ کاروباری افعال کی لاگت کو معقول حد تک کم سے کم سطح پر لایا جائے تاکہ مستقبل میں معقول مالیاتی نتائج حاصل کئے جاسکیں۔

آپ کی کمپنی نے اپنے کاربن فوٹ پرنٹ میں کمی لانے کیلئے اقدامات کئے ہیں اور 2 میگا واٹ کے ویسٹ ہیٹ ریکوری پلانٹ کی تنصیب اس منصوبے کا حصہ ہے۔ کمپنی کچا جب سے بادبانی توانائی کے پروجیکٹ یونس انرجی لمیٹڈ اور آئی سی آئی پاکستان میں کی جانے والی سرمایہ کاری کے مثبت نتائج بھی برآمد ہونا شروع ہو چکے ہیں۔ ہم امید کرتے ہیں کہ کمپنی کے منافع میں یونس انرجی لمیٹڈ کی کاروباری سرگرمیاں کی جانب سے کیے جانے والے اہم شراکت کی بدولت کمپنی کے بہتر مستقبل کے امکانات روشن ہو جائیں گے۔

مجموعی طور پر کمپنی کے بہتر مستقبل کے امکانات بہت امید افزاء ہیں۔ بحیثیت ایک مضبوط گروپ، ہم مزید کامیابیوں کے حصول اور اپنے حصص داران کو اضافی قدر فراہم کرنے کے اہل ہیں۔

ہمارا عزم ہے کہ اپنے ملازمین کے لیے محفوظ، صحت مند اور حوصلہ افزاء ماحول فراہم کریں جہاں سیکھنے کا عمل مسلسل جاری رہے۔ کمپنی کسی برادری اور جنس سے قطع نظر، تمام قابل اور اہل افراد کو ملازمت کے یکساں مواقع فراہم کرتی ہے۔

## اظہار تشکر

کمپنی کے ڈائریکٹر ان اپنے کارکنان، اسٹاف اور انتظامی افسران کی حسن کارکردگی پر تہہ دل سے شکر یہ ادا کرتے ہیں۔



منجانب بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو/ڈائریکٹر

بہ مقام کراچی: 3 اگست 2017

### ترسیل نقدرقوم سے متعلق حکمت عملی

آپکی کمپنی میں ترسیل نقدرقوم سے متعلق ایک مؤثر حکمت عملی نافذ العمل ہے، اس جامع حکمت عملی کی وجہ سے آپکی کمپنی ہمیشہ اس قابل رہتی ہے کہ اپنی مالیاتی ذمہ داریوں کو مستعدی کے ساتھ نبھانے کے ساتھ ساتھ اسے پیش آنے والے کسی بھی اور ہر قسم کے چیلنجز سے نمٹ سکے۔

مذکورہ بالا امور کی پاسداری کرتے ہوئے انتظامیہ نے اس سلسلے میں مسلسل کوششیں کی ہیں مقامی اور بین الاقوامی سطح پر شرح سود میں آنے والی کمی سے فائدہ اٹھاتے ہوئے قرضوں کے معقول نرخوں سے زیادہ سے زیادہ فوائد حاصل کئے جاسکیں۔ اس مقصد کے حصول کیلئے فنڈز کے ذرائع میں ایک متوازن امتزاج پیدا کیا گیا تا کہ توازن کے ساتھ فنڈز کے ذرائع کو استعمال کرنے کے ساتھ ساتھ مؤثر انداز سے تمویل کا بندوبست بھی کیا جاسکے۔

مارکیٹ کی موجودہ صورتحال کو مد نظر رکھتے ہوئے کمپنی نے یہ فیصلہ کیا ہے کہ کمپنی اپنی سرمایہ کاری کا رخ ان ذرائع آمدن کی جانب کرے جو کہ کمپنی کیلئے بنیادی اہیت کے حامل ہیں تا کہ کمپنی اپنی مالیاتی کارکردگی میں مؤثر انداز سے بہتری پیدا کرسکے۔

### مؤثر کارپوریٹ گورننس

آپکی کمپنی کے ڈائریکٹراہتہائی مسرت کے ساتھ اس بات کا اظہار کرتے ہیں کہ کمپنی نے سکیورٹییز ایکسچینج کمیشن آف پاکستان اسٹاک ایکسچینج کی لسٹنگ سے متعلق قواعد میں مذکور کارپوریٹ گورننس کے ضوابط کی مکمل پاسداری کی ہے۔

کارپوریٹ گورننس کے ضوابط کی پاسداری کے سلسلے میں ڈائریکٹراہتہائی مسرت کے ساتھ

آپکو آگاہ کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی جانب سے تیارکی گئی مالی دستاویزات میں اس بات کو یقینی بنایا جاتا ہے کہ کمپنی کے معاملات، کاروباری افعال کے نتائج، ترسیل نقدرقوم اور حصص میں ردوبدل جیسے معاملات کو ان دستاویزات میں شفاف انداز سے پیش کیا جائے۔
- کمپنی میں حساب کتاب سے متعلق باقاعدہ کھاتے مرتب کئے جاتے ہیں۔
- مالی دستاویزات کی تیاری کے سلسلے میں اکاؤنٹنگ کی مناسب پالیسیوں کو مستظلاً اپنایا جاتا ہے اور اکاؤنٹنگ کے تمام ترتیحیہ معقولیت کی بنیاد پر لگائے جاتے ہیں۔ اندرونی کنٹرول کا نظام انتہائی جامع ہے اور اس نظام کو مؤثر انداز سے نافذ کیا جاتا ہے اور اس کی مکمل نگرانی بھی کی جاتی ہے۔

4۔ مالی دستاویزات کی تیاری کے سلسلے میں پاکستان میں مستعمل بین الاقوامی فنانشل

رپورٹنگ اسٹینڈرڈ کا لحاظ بھی رکھا گیا ہے اور کسی قسم کی روگردانی کی صورت میں اسکی مناسب وجوہات بیان کی جاتی ہیں۔

5۔ اس بات میں کوئی شک کی گنجائش نہیں ہے کہ کمپنی اپنی کاروباری سرگرمیوں کو ہمیشہ جاری رکھنا چاہتی ہے

6۔ لسٹنگ قواعد میں مذکور کارپوریٹ گورننس کے ضوابط کی پاسداری سے ایسی کوئی روگردانی نہیں کی گئی جو قابل ذکر ہو۔

7۔ کمپنی کی ایک آڈٹ کمیٹی ہے جس کے ممبران بورڈ آف ڈائریکٹرز سے تعلق رکھتے ہیں۔

8۔ ہم اخلاقی ضوابط اور کاروباری حکمت عملی سے متعلق ایک دستاویز مرتب کرنے کے بعد ڈائریکٹروں اور ملازمین کے درمیان تقسیم کرچکے ہیں۔

9۔ بورڈ مشن کے متن اور مجموعی کاروباری حکمت عملی پر عمل پیرا ہے۔

10۔ ضوابط کے مطابق ہم نے رپورٹ ہذا میں درج ذیل معلومات فراہم کی ہیں:

(i) ترتیب حصص داری کا متن

(ii) ان حصص سے متعلق متن جنکی کی ملکیت منسلکہ حلف ناموں کی بنیاد پر ہے اور جن کا تعلق متعلقہ افراد سے ہے۔

(iii) رواں سال کے دوران بورڈ کے اجلاسوں کی تفصیل اور ان میں شرکت کرنے والے ڈائریکٹروں کی حاضری۔

(iv) گزشتہ چھ برسوں سے متعلق اہم ترین کاروباری اور مالیاتی امور کا شماریاتی جائزہ۔

#### بورڈ اور آڈٹ کمیٹی کے اجلاس

رواں سال کے دوران بورڈ کے چار اور آڈٹ کمیٹی کے پانچ اجلاس منعقد کئے گئے جن کی بابت ڈائریکٹروں کی حاضری ذیل میں پیش ہے:

ڈائریکٹروں کے نام	اجلاسوں میں شرکت
جناب محمد یونس ٹیہ (چئیر مین)	4/4
جناب محمد سہیل ٹیہ (چیف ایگزیکٹیو آفیسر)	4/4
جناب محمد علی ٹیہ	4/4
جناب عمران یونس	3/4
جناب جاوید یونس ٹیہ	4/4
مسز مریم ٹیہ خان	3/4
مسز ذلیخا ٹیہ مسقطیہ	3/4
جناب سلیم زمیندار	4/4

#### آڈٹ کمیٹی کے اجلاس

ممبران کے نام	اجلاسوں میں شرکت
جناب سلیم زمیندار (چئیر مین)	5/5
جناب محمد علی ٹیہ	4/5
جناب جاوید یونس ٹیہ	5/5
مسز ذلیخا ٹیہ مسقطیہ	3/5

#### چئیر مین اور چیف ایگزیکٹیو آفیسر کا کردار

اصولی طور پر بورڈ کا رہنما چئیر مین ہوتا ہے اور یہ اسی کی ذمہ داری ہے کہ اس بات کو یقینی بنائے کہ بورڈ کا ہر فرد اپنی ذمہ داریاں باحسن و خوبی نبھارہا ہے، جبکہ چیف ایگزیکٹیو آفیسر ایک انتظامی ڈائریکٹر ہوتا ہے جسے کمپنی کے سربراہ کے بطور اپنی ذمہ داریاں سرانجام دینا ہوتی ہیں۔

چئیر مین کے کردار و ذمہ داریوں میں درج ذیل امور شامل ہیں:

 بورڈ کے غور کرنے کیلئے ایجنڈے تیار کرنا۔

 بورڈ کی رہنمائی کرنا اور انتظامی کمیٹی کی جانب پیش کی جانے والی تجاویز کو زیر غور لانا۔

 ذیلی کمیٹیوں کے چئیرمینوں سے روابط رکھنا اور ان کے ساتھ مل کر کام کرنا۔

 بورڈ کے ممبران کے انتخاب کے سلسلے میں نشاندہی کرنا اور انتخاب کے امور میں

شرکت کرنا، نیز بورڈ، چیف ایگزیکٹیو آفیسر، چیف فنانشل آفیسر اور دیگر اہم انتظامی عہدوں پر تقرر کیلئے جانشینی کے منصوبوں کو باقاعدہ زیر غور لانا۔

 کمپنی کے مفادات کی حفاظت اور اجتماعیت کے جذبے کو قائم رکھنے کیلئے تنازعات کا تصفیہ کروانا۔

 اس بات کو یقینی بنانا کہ کمپنی سے منسلک تمام اہم ترین افراد اور کمپنی کے مابین

دیرینہ تعلقات قائم رہیں۔

 اس بات کو یقینی بنانا کہ کمپنی سے اپنے مفادات وابستہ رکھنے والے افراد کا یقین اور

اعتماد کمپنی پر بحال رہے۔

### چیف ایگزیکٹیو آفیسر کے کردار اور ذمہ داریاں

 کمپنی کے اعلیٰ ترین نمائندے کی حیثیت سے ذمہ داریاں نبھانا۔

 کاروباری امور کی نگرانی کرنا اور بورڈ کی جانب سے سفارش کردہ اور منظور شدہ

پالیسیوں اور حکمت عملیوں کے نفاذ کو ممکن بنانا۔

 کمپنی کے کاروباری افعال اور مالیاتی نتائج کا عمیق جائزہ لینا اور ان نتائج کا استتقلال

کے ساتھ کمپنی کے منصوبوں اور بجٹ سے موازنہ کرنا۔

 اس بات کو یقینی بنانا کہ کمپنی میں رپورٹنگ کا ایسا مؤثر نظام موجود ہو کہ انتظامیہ کی ہر سطح پر اس بات کو ممکن بنایا جاسکے کہ ملازمین اپنی آراء کا اظہار کرسکیں۔

 اس بات کو یقینی بنانا کہ کمپنی تمام متعلقہ قوانین اور کارپوریٹ گورننس کے ضوابط پر عمل

پیرا ہے اور یہ کہ کمپنی کو لاحق خطرات کو کم از کم کرنے کی غرض سے بورڈ کی جانب سے

ان ضوابط کی سفارش کی جارہی اور انھیں اپنایا جا رہا ہے۔



## ڈائریکٹران کی رپورٹ

### معزز ممبران گرامی

آپ کی کمپنی کے ڈائریکٹران انتہائی مسرت کے ساتھ آپ کی خدمت میں کمپنی کی کارکردگی کی سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے سال 30 جون 2017 پیش کر رہے ہیں۔

### جائزہ

کمپنی کی مختلف شعبوں میں کارکردگی اور سرمایہ کاری کی بہترین حکمت عملی کی بدولت سال رواں میں متاثر کن نتائج دیکھنے میں آئے۔ زیر نظر دورانیہ پاکستان کی برآمدات کے لئے زیادہ بہتر ثابت نہیں رہا اور مالی سال 2017 میں ملک کی کل برآمدات میں 1.6 فیصد کی کمی ہوئی ہے۔ تاہم آپ کی کمپنی نے 0.27 فیصد کی معمولی کمی کے ساتھ برآمدات کی جانب مثبت رجحان دکھایا ہے۔

مقامی اور بین القوامی حربوں کے ساتھ زبردست مسابقت کے باوجود، آپ کی کمپنی 23.2 ارب روپے کی خالص فروختگی حاصل کرنے میں کامیاب رہی جو کہ کمپنی کی تاریخ میں سب

### مالیاتی کارکردگی

کمپنی کے اہم ترین مالیاتی نتائج برائے سال 30 جون 2017 کا تقابلی جائزہ ذیل میں پیش خدمت ہے۔

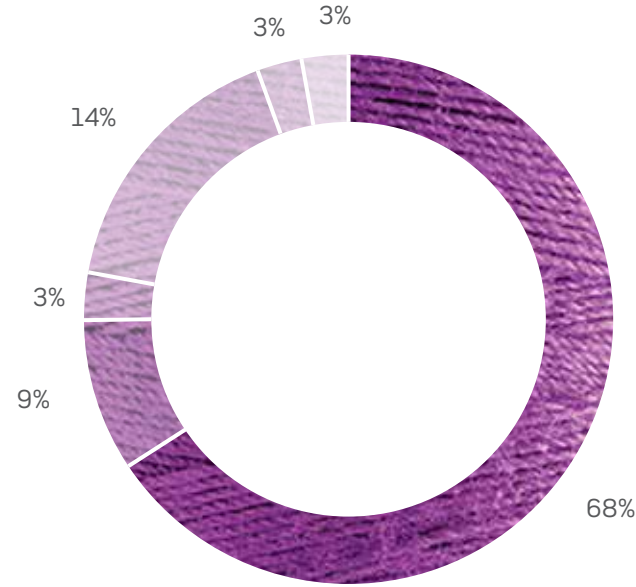
خلاصہ نفع و نقصان	روپے ہزاروں میں		شرح فیصد مثبت / (منفی)
	30 جون 2017	30 جون 2016	
برآمدات	7,582,955	7,603,470	(0.27)
مقامی فروختگی	15,665,623	13,666,007	14.63
کل فروختگی	23,248,578	21,269,477	9.30
خام منافع	1,337,662	726,192	84.20
تمویلی لاگت	(342,601)	(449,176)	23.73
لاگت برائے تقسیم مال	(273,299)	(299,410)	8.72
لاگت برائے انتظامی امور	(193,915)	(215,697)	10.10
دیگر آمدن	646,391	223,139	189.68
نفع / (نقصان) قبل از ٹیکس	1,084,938	(92,164)	1277.18
نفع / (نقصان) برائے مدت رواں	806,986	(273,845)	394.69
آمدن فی حصص (روپے میں)	28.79	(9.77)	

سے زیادہ ہے۔ ٹیکسٹائل کے شعبے میں گرتی ہوئی شرح منافع اور برآمدات کے باوجود آپ کی کمپنی کی کل فروختگی میں 9.3 فیصد کا اضافہ ہوا ہے۔ سیکٹر میں منافع میں کمی کے باوجود مجموعی طور پر صنعت میں اضافہ ہوا ہے۔

اس سال کے آغاز میں بھی عالمی کساد بازاری کا رجحان دیکھنے میں آیا اور مقامی کپاس کی فصل اپنا پیداواری ہدف پورا نہیں کر سکی، نتیجتاً خام کپاس کی درآمدات میں اضافہ ہوا جس نے عالمی منڈیوں میں درپیش مسابقت کے چیلنجز کو مزید مشکل بنا دیا۔ تاہم انتظامیہ نے پیداواری ضرورت کو مد نظر رکھتے ہوئے مستعدی کے ساتھ متنوع ذرائع سے درآمدی کپاس کی خریداری کی۔ بنگلہ دیش، بھارت اور ویت نام کے ساتھ علاقائی مسابقت کی وجہ سے، کمپنی کی برآمدات میں 0.27 فیصد کمی آئی تاہم سال ہا سال کی محنت سے بنائی گئی اپنی ساکھ سے فائدہ اٹھاتے ہوئے کمپنی نے اپنی تمام تر توانائیاں مقامی مارکیٹ کی جانب صرف کر دیں۔ ان کوششوں کے نتیجے میں مقامی فروختگی میں 14.63 فیصد کا اضافہ ریکارڈ کیا گیا۔ نتیجتاً آپ کی کمپنی تقریباً 807 ملین روپے کا معتدل منافع حاصل کرنے میں کامیاب رہی۔

### Manufacturing Cost

- Raw materials consumed
- Power and fuel
- Salaries wages and benefits
- Depreciation
- Stores consumed
- Others



### آپریٹنگ کارکردگی:

سال 30 جون 2017 کے دوران پیداوار اور فروختگی سے متعلق اعداد و شمار کا گزشتہ سال اسی عرصے کے دوران سرگرمیوں سے تقابلی جائزہ ذیل میں پیش کیا جا رہا ہے۔

انتظامیہ کے لیے پیداواری لاگت کا کنٹرول زیادہ اہمیت کا باعث تھا جس کا بیشتر حصہ خام مال اور توانائی پر مشتمل ہے جو کہ بالترتیب 68 فیصد اور 14 فیصد ہے۔ اوسط پیداواری لاگت میں کمی کی خاطر انتظامیہ نے نا صرف مقامی اور درآمد شدہ کپاس کا حصول متوازن طریقے سے کیا بلکہ فرنس آئل کی بڑھتی ہوئی قیمتوں کے رجحان کے پیش نظر، توانائی کی پیداوار کے لیے فرنس آئل کی بانسبت قدرتی گیس کا زیادہ استعمال کیا۔

مزید برآں، کمپنی بڑے پیمانے پر پیداواری عمل اور بھرپور انتظامی مہارت کے ثمرات سے فائدہ اٹھاتے ہوئے، انتظامی لاگت کو 194 ملین روپے تک رکھنے میں کامیاب رہی جو کہ گزشتہ سال کے 216 ملین کی نسبت 10 فیصد کم ہیں۔

انتظامیہ نے فنڈز کا ایک بہترین امتزاج مرتب کیا تا کہ ملک میں کم سطح پر بیچ مارک ریٹس کا فائدہ اٹھایا جاسکے اور اس کے ساتھ لیون دین میں کمپنی کی مضبوط حیثیت کا فائدہ رسک کے پھیلاؤ میں کمی کی صورت میں سانسنے آیا۔ اس صورتحال کے پیش نظر لاگت برائے تمویل میں 107 ملین کی کمی واقع ہوئی جو کہ گزشتہ سال کے مقابلے میں 24 فیصد کم ہے۔

ہم یہ سمجھتے ہیں کہ متنوع مواقع میں سرمایہ کاری کرنے کے لئے حکمت عملی ایک احسن قدم تھا جس کی بدولت ہم ٹیکسٹائل کے شعبے میں بار بار وقوع پزیر اور غیر مستحکم اثرات کو کم کرنے میں قابل قدر حد تک کامیاب ہوئے ہیں۔ دیگر ذرائع آمدن میں 275 ملین کی آمدنی اس بات کا منہ بولتا ثبوت ہے۔ علاوہ ازیں سال رواں کے دوران حکومت کی جانب سے اعلان کردہ برآمداتی ٹیکس نے بھی کمپنی کے منافع میں 148 ملین روپے کا اضافہ کرنے میں مدد کی جس سے کمپنی کی خالص آمدن 423 ملین روپے ہو گئی۔

Quantity in KGs ('000)

