

ANNUAL REPORT

2016



**MIAN TEXTILE
INDUSTRIES LIMITED**



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COMPANY INFORMATION

Board of Directors:

Chairperson : Mrs. Nargis Jehangir

Chief Executive Officer : Mian Muhammad Jehangir

Directors : Mian Waheed Ahmad
: Mian Muhammad Nawaz
: Mian Waqar Ahmad
: Mian Khurram Jehangir
: Ms. Ayesha Jehangir

Nominee Director – NIT : Mr. Muhammad Arshad

Company Secretary : Mr. Muhammad Masud Mufti

Chief Financial Officer : Mr. Muhammad Irfan

Auditors : Sarwars
Chartered Accountants

Audit Committee : Mian Waheed Ahmad Chairman
: Mian Khurram Jehangir Member
: Ms. Ayesha Jehangir Member

HR & Remuneration Committee : Mian Waqar Ahmad Chairman
: Mian Khurram Jehangir Member
: Ms. Ayesha Jehangir Member

Bankers : Habib Bank Limited
: NIB Bank Ltd. (formerly PICIC)
: National Bank of Pakistan
: The Bank of Punjab

Head Office & Registered Office : 29-B/7, Model Town, Lahore.
Phone: 35831804-5 (2 lines)
Fax: 35830844
Email: info@miantextile.com

Mills : 48.5 K.m. Multan Road,
Bhai Pheru, Tehsil Chunian,
District Kasur.
Phone: (04943) 540384, 042-35834029

Shares Registrar : Hameed Majeed Associates (Pvt.) Ltd.
H.M House 7-Bank Square, Lahore.
Tel: 37235081-82 Fax: 37358817



MISSION STATEMENT

To provide quality products to customers and explore new markets to promote / expand sale of the company through good governance and foster a sound and dynamic team, so as to achieve optimum price of products of the Company for sustainable and equitable growth and prosperity of the company.

VISION STATEMENT

To transform the Company into a modern and dynamic yarn & cloth manufacturing Company with highly professional and fully equipped to play meaningful role on sustainable basis in the economy of Pakistan.



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the “CCG”) contained in Regulation No. 35 of listing regulations of both Karachi Stock Exchange and Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages the representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes four (4) non-executive and (3) executive directors including CEO.

However, since the manufacturing operations of the mills are closed due to some irrepressible factors, so the appointment of independent director is postponed. However, the management intends to appoint an independent director during next year and is looking for a suitable person as per the requirement of PSX Regulations relating to the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding company where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI, or being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. No casual vacancy occurs during the year under review.
5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairperson and, in her absence, by a director elected by the board for this purpose. The board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Having minimum 14 years of education by all of directors and minimum 16 years of experience by 5 out of 7 directors on the board make them exempt from any director's training program.

Since the company is facing financial crunch these days due to closure of its manufacturing operation because of some irrepressible factors, so the training program for remaining directors is being deferred. However, the company intends to arrange for orientation course for the remaining directors in future.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including



their remuneration and terms and conditions of employment.

11. The director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an audit committee. The staff is considered to be suitably qualified and experienced for the purpose and is fully conversant with the policies and procedures of the Company.
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 as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises (3) members of whom (2) are non-executive directors and the chairman of the committee is a non-executive director.
18. The board has set up an effective internal audit function, which has been effectively implemented.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim/final results and business decisions which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. All related party transactions entered during the year were at arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by Audit Committee and Board of Directors.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on Behalf of the Board

Lahore.
October 05, 2016

Mian Muhammad Jehangir
Chief Executive Officer



SARWARS

CHARTERED ACCOUNTANTS

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of *MIAN TEXTILE INDUSTRIES LIMITED*, the company for the year ended June 30, 2016 to comply with the requirements of the Clause No. 5.19.23 of the Pakistan Stock Exchange Limited regulations.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director'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 of Corporate Governance requires the company to place before the Audit Committee and upon recommendation of the Audit Committee, place before the Board of Director's for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Director's and upon the 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, subject to audit observations expressed in our audit report effecting the compliance with the Code of Corporate Governance, 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 of Corporate Governance as applicable to the Company for the year ended June 30, 2016.

October 05, 2016
LAHORE.

SARWARS
CHARTERED ACCOUNTANTS
Engagement Partner: Mr. Rashid Sarwar (FCA)



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 30th Annual General Meeting of the Shareholders of **Mian Textile Industries Limited** will be held on **Monday October 31, 2016** at **11:00 A.M** at the Registered Office of the Company at 29-B/7, Model Town, Lahore to transact the following business:-

Ordinary Business:

1. To confirm the minutes of the Annual General Meeting of the Shareholders of the Company held on October 31, 2015.
2. To receive, consider and adopt the audited financial statements of the company together with the Director's and Auditor's reports thereon for the year ended June 30, 2016.
3. To appoint Auditors and fix their remuneration for the year ending on June 30th, 2017.
4. To transact any other business with the permission of the Chairman.

By order of the Board

Lahore:
Dated: October 05, 2016

Muhammad Masud Mufti
Company Secretary

Notes:

- a) The share transfer books of the Company will remain closed from October 22, 2016 to October 31, 2016 (both days inclusive). Transfers received in order at the Registered Office of the Company up to the close of business on October 21, 2016 will be in time to affect the voting rights at the meeting.
- b) Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her CNIC with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. Representatives of corporate members should bring the usual documents required for such purpose
- c) The Shareholders are requested to notify the Company, the change in their address, if any, immediately to the Company's Registrar Hameed Majeed Associates (Pvt.) Ltd. – H. M. House 7, Bank Square, Lahore.
- d) Members are requested to provide by mail or fax, photocopy of their CNIC and email address to enable the Company to comply with the relevant laws.



DIRECTOR'S REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of Mian Textile Industries Limited, I am pleased to welcome you to the 30th Annual General Meeting of the Company and submit their report together with audited financial statements of the Company and Auditor's Report thereon for the year ended June 30, 2016.

During the period, the company earned rental income from lease agreement of its weaving unit however, on the other hand the spinning unit remained closed because the lessee terminated the agreement in February-2015 and due to irrepressible adverse condition prevailing in the market the management could not find another party interested for agreement on conversion or lease basis so far.

The Financial results of the Company are summarized below:

	2016 (Rs. in '000')	2015 (Rs. in '000')
Continuing operations:		
Sales	-	-
Gross Profit	-	-
Rental income from investment property	27,399	30,753
Operating Loss	(12,160)	(4,816)
Finance cost	8,775	9,894
Loss before taxation	(171)	(30,631)
Provision for taxation	-	-
Loss after taxation	(171)	(30,631)
Comprehensive Income/(Loss) for the year	86,450	(26,397)
E.P.S	(0.01)	(1.39)

Future outlook

Despite adverse market condition, the management of the company is still striving hard to coup with the situation but the market condition is getting more aggravated day by day.

During the year the management has succeeded to make full & final payment to NIB Bank Limited and Industrial Development Bank Limited as per settlement agreements made with them from the funds/loans provided by the Directors/family members. These banks have issued Clearance Certificates/NOCs accordingly.

Furthermore, the management has succeeded to make out of court settlement with The Bank of Punjab amicably on 29th of August-2016 and the Company has paid Rs. 19.414 million on account of 50% down payment as per the above settlement agreement.

The management is hopeful that it would also be able to get its remaining loans rescheduled/settled with the remaining banks/leasing company, as done by its major banks for which a petition under section 284 & 285 of the Companies Ordinance 1984 for enforcing compromise amongst the company and all of its creditor Banks has also been filed by the Company in the Lahore High Court. The sponsoring directors/family members have already provided funds/loans for payment of settlement amounts to the banks in their personal capacity.

Dividend

In view of the losses sustained, the directors have not recommended any dividend for the period ended as at June 30, 2016.

Notes

Furthermore, we give hereunder our comments on the observations recorded by the company's auditors in their report.

- A. The Company so far has managed to survive in this tough time through continued support by the lenders and sponsoring directors by providing funding/loans (during the year further funds/loan of Rs. 78.993 million provided by the directors/family members). The overall condition of Textile Industry has further aggravated and the management is still struggling hard to keep the mills operational through lease agreement with other parties.

The management has succeeded to make out of court settlement with its major banks and has already paid the



major portion of the settled amounts to the banks and is hopeful that it would also be able to get its remaining loans rescheduled/settled with the remaining banks/leasing company as mentioned above.

In this regard, the management has given a mitigating plan in Note 3.

- B. The Company applied to its various banks for rescheduling but they filed suit against Company, which are either settled or pending before the various Courts. The liability is not at all ascertainable at this stage. The company has also filed a petition under section 284 & 285 of the Companies Ordinance, 1984 for enforcing compromise amongst the company and all of its creditor Banks in the Lahore High Court. The liability, if any, arising on the judgment by the Courts would be provided at the material time. However, as a result of settlement already made with major banks, no mark-up is payable on that loans. The management is hopeful that its outstanding loans with remaining banks shall also be rescheduled/settled as was done by its major banks, which have waived off the entire outstanding/deferred mark-up of the Company.
The Company has also filed suits against its various banks for recovery of damages.
- C. The management of the Company has diligently cooperated with the auditors to deliver the confirmation letters and subsequent reminders to the banks/leasing company, hence, the Company is not responsible if those banks have not responded to their request letters, however, proper supporting documents were provided to the auditors for verification of outstanding balances of the said banks.
- D. As a result of settlement with HBL, there are no foreign currency loans outstanding against the company. Now the company has to pay the settlement amount in PAK Rupees only, so there is no question for translation of any foreign currency loan into Pak Rupees.
- E. The management is of the view that since the loan amount was not charged to the Profit & loss account at the time when it was availed, so its waiver should also not be booked through the Profit & loss account. However, the amount of Mark-up written off has classified as part of Profit & loss account.
- F. Due to adverse condition prevailing in the market, a number of mills have already shutdown while remaining are forced to close down one shift to mitigate losses. Consequently, there are also not much buyers interested for textile machineries/assets in the market these days. Despite the above facts, the company had to make payments to the banks to fulfill its commitments made through settlement agreements with its banks. Due to above reason, the management could not be able to fetch the price of machineries as per revaluation carried in June 2014.
- G. Director's loan amounting to Rs. 38.564 million represents interest-free and unsecured long term loans obtained from the directors of the Company. The repayment terms of the loan have not yet been finalized.
- H. Due to economic upheavals and adverse market conditions, the company entered into lease agreement with third parties. Since there were a very few number of workers of administrative nature remaining during the year till the close of the year, so the management decided not to conduct actuarial valuation this year, which will surely be conducted in case if the company is able to restart its own production or enter into agreement with some other party on conversion basis. However, accrual has been made in accounts on fair estimate basis.

Since the management has valid and justified reasons/basis for all the paragraphs (A) to (H) mentioned in auditor's report, so the adverse opinion given by the auditors is totally unjustified and we strictly deny the same. Also the reason they give for the adverse opinion is that the previous auditors have given the same in their previous report. Some points which were raised in previous year's audit report have already been resolved; however, most of the remaining points in current year's report shall also be resolved upon full & final payment of loans to the banks as per their settlement agreements.

CORPORATE AND FINANCIAL REPORTING FRAME WORK

The directors also confirm compliance with Corporate and Financial Reporting Framework of the SECP's Code of Corporate Governance for the following:

- The financial statements prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of accounts have been maintained by the Company;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from (if any) has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There management is struggling hard in current textile crisis to keep 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 listing regulations of the stock exchange.
- Operating and financial data and key ratios of six years are annexed.



MIAN TEXTILE INDUSTRIES LTD.

Annual Report 2016

- i) A statement showing pattern of shareholding is annexed.
- j) During the year, no trading was carried out by the CEO, Directors, CFO, Company Secretary, their spouses & minor children.

BOARD MEETING

During the financial year under consideration, four meetings were held and the attendance by the respective directors was as follows:

<u>S.No.</u>	<u>Name of Directors</u>	<u>No. of meetings attended</u>
1	Mian Muhammad Jehangir	4
2	Mian Waheed Ahmed	4
3	Mian Muhammad Nawaz	-
4	Mian Waqar Ahmed	-
5	Mian Khurram Jehangir	4
6	Mrs. Nargis Jehangir	-
7	Ms. Ayesha Jehangir	-
8	Mr. Muhammad Arshad (Nominee-NIT)	4

Leave of absence was granted to Directors who could not attend the Board meetings.

AUDIT COMMITTEE

The Board constituted an Audit Committee comprising the following Directors:

1.	Mian Waheed Ahmed	Chairman
2.	Mian Khurram Jehangir	Member
3.	Ms. Ayesha Jehangir	Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

The Board constituted an HR&R Committee comprising the following Directors:

1.	Mian Waqar Ahmed	Chairman
2.	Mian Khurram Jehangir	Member
3.	Ms. Ayesha Jehangir	Member

AUDITORS

The present auditors M/s SARWARS Chartered Accountants will retire at the conclusion of the Annual General Meeting. The auditors of the Company shall be appointed in the forthcoming AGM for the next year ending on 30th June 2017 and their remuneration shall be fixed.

PATTERN OF SHAREHOLDINGS

A statement-showing pattern of shareholding as on June 30, 2016 is annexed.

ACKNOWLEDGEMENT

We like to place on record our gratitude to the valued clients, regulatory authorities, banks and financial institutions and also the shareholders for their continued support. We also appreciate the efforts and dedication shown by the staff for managing the company's affairs successfully during this tough time.

ON BEHALF OF THE BOARD

Lahore:
October 05, 2016

Mian Muhammad Jehangir
Chief Executive Officer

**بورڈ آف ڈائریکٹرز کے اجلاس:**

سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد کئے گئے تھے ہر ایک کی طرف سے حاضری کی تفصیل یہ ہے۔

4	جناب میاں محمد جہانگیر
4	جناب میاں وحید احمد
-	جناب میاں محمد نواز
-	جناب میاں وقار احمد
4	جناب میاں خرم جہانگیر
-	محترمہ مسز نرگس جہانگیر
-	محترمہ سمات عائشہ جہانگیر
4	جناب محمد ارشد

جوڈائریکٹرز بورڈ میں شرکت نہیں کر سکتے تھے ان کی رخصت دی گئی تھی۔

آڈٹ کمیٹی: بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی قائم کی ہے اور مندرجہ ذیل ڈائریکٹرز اس کے اراکین ہیں۔

1	میاں وحید احمد	چیئر پرسن
2	میاں خرم جہانگیر	رکن
3	سمات عائشہ جہانگیر	رکن

HR کمیٹی: بورڈ آف ڈائریکٹرز نے HR کمیٹی قائم کی ہے اور مندرجہ ذیل ڈائریکٹرز اس کے اراکین ہیں۔

1	میاں وقار احمد	چیئر پرسن
2	میاں خرم جہانگیر	رکن
3	سمات عائشہ جہانگیر	رکن

آڈیٹرز: میسرز سردر چارڈا اکاؤنٹنٹس سالانہ اجلاس میں رہنما ہو جائیں گے اور اہل ہونے کے ساتھ دوبارہ تعیناتی کے لئے اپنے آپ کو پیش کر رہے ہیں۔ بورڈ کی آڈٹ کمیٹی نے سال 2016-17 کے لئے میسرز سردر چارڈا اکاؤنٹنٹس کی تقرری کیلئے بورڈ کو تجویز کیا ہے۔

حصہ داران کی تفصیل: کمپنی آرڈیننس 1984 اور کارپوریٹ گورننس کے تحت 30 جون 2016 کو حصہ داران کی تفصیل لف ہے۔

اعتراف: کمپنی کی انتظامیہ، ملازمین کی محنت اور لگن سے کام کرنے کیلئے تعریف کے مستحق ہیں ہم اپنے قابل قدر حصص یافتگان، گاہکوں سپلائرز اور مالیاتی اداروں کے تعاون، مدد، مسلسل حمایت اور اعتماد کے شکر گزار ہیں۔

میاں محمد جہانگیر

چیف ایگزیکٹو آفیسر

مورخہ 05 اکتوبر 2016



B انتظامیہ نے مختلف بینکوں کو قرضہ جات کی دہائی میں سہولت کے لئے درخواستیں دیں مگر انہوں نے کمپنی کے خلاف مقدمات دائر کر دیئے جو کہ کچھ تو طے پائے ہیں اور کچھ مختلف عدالتوں میں فیصلے کے منتظر ہیں۔ قابل ادا رقم ابھی کسی صورت بھی تھی نہیں سمجھا جاسکتی تھی اور کمپنی نے بھی ان تمام بینکوں اور لیز کمپنیوں کے خلاف لاہور ہائی کورٹ میں مقدمات سیکشن 284 اور 285 کمپنی آرڈیننس کے تحت دائر کئے ہوئے ہیں۔ کورٹ کے فیصلے کے مطابق اگر کوئی مارک اپ کی رقم دینا چاہتی تو اس صورت میں اسے کھاتوں میں بک کر لیا جائے گا۔ کمپنی نے مختلف بینکوں کے خلاف نقصان کے سلسلے میں مقدمات دائر کر رکھے ہیں۔

C کمپنی کی انتظامیہ نے آڈیٹر کے ساتھ تعاون کرتے ہوئے بینکوں اور لیز کمپنیوں کے کنفرمنٹیشن لیٹر اور یاد دہانی کے خطوط دیئے تاہم ان بینکوں یا لیز کمپنیوں کے جواب نہ دینے کی صورت میں کمپنی ذمہ دار نہیں۔ جبکہ بینکوں کی بھاری رقم کی تصدیق کیلئے آڈیٹر کو تمام کاغذات اور ثبوت فراہم کر دیئے گئے ہیں۔

D HBL کے ساتھ معاہدہ کے تحت کمپنی کی طرف کوئی بھی قرض فارن کرنسی میں واجب الادا نہیں اب کمپنی نے تمام رقم پاکستانی روپے میں ادا کرنی ہے۔ لہذا فارن کرنسی کو پاک روپے میں ٹرانسلیٹ اکنورٹ کرنے کا سوال ہی پیدا نہیں ہوتا۔

E انتظامیہ کے خیال کے مطابق قرضے کی رقم دو جو لیتے وقت بی ایڈا بل کو چارج نہیں ہوئی تھی اس کے معاف کرتے وقت بھی بی ایڈا بل میں نہیں لی جا چکی تاہم مارک اپ کی معاف کی گئی رقم کو بی ایڈا بل میں شویا گیا ہے۔

F مارکیٹ میں نئے حالات کی وجہ سے بہت ساری ٹیلیس پیلے ہی بند ہو چکی ہیں اور کچھ ایک شٹ پراگھی ہیں۔ آجکل ٹیکسٹائل مشینری کا کوئی خریدار بھی دلچسپی نہیں لے رہا۔ بینکوں کو کمپنی معاہدے کے تحت ادائیگی کرنے پر پابندی جس کی وجہ سے 2014 کی Revaluation کے تحت مشینری کی قیمت صحیح طور پر نہیں مل سکی۔

G ڈائریکٹر صاحبان کے قرضہ جات جس کی رقم 38,564 ملین روپے ہے اس میں کسی قسم کا سود نہیں ہے اور یہ ڈائریکٹر کی طرف سے لوگ فرم لون حاصل کئے گئے ہیں اور ان کی ادائیگی ابھی طے نہیں پائی۔

H معاشی بدحالی کی صورت میں انتظامیہ دوسری پارٹیوں کے ساتھ لیز پر معاہدہ کرنے پر مجبور ہوئی چونکہ اس سال کے آخر تک صرف چند اینڈکس ورکر رہ گئے تھے تو انتظامیہ نے Actuarial Valuation نہ کرنے کا فیصلہ کیا جو کہ یقینی طور پر اس وقت کیا جائیگا جب ملز دوبارہ کام کرنا شروع کر دے گی۔ تاہم اکاؤنٹ میں صحیح اندازے کے تحت رقم لکھ دی گئی ہے۔

چونکہ انتظامیہ کے پاس جائزہ جات آڈیٹر کی رپورٹ کے 'A' سے 'H' پر اگر اب تک موجود ہیں اس لئے مثالاً اندازے جو کہ آڈیٹر نے دی ہے رد کرتی ہے حالانکہ اُنکے مطابق چونکہ ایسی ہی رائے بچھلے آڈیٹر نے قائم کی تھی لہذا انہوں نے اسی کے مطابق ہی اپنی رائے قائم کر دی۔ پچھلے سال کی سالانہ رپورٹ میں سے چند غلطیاں حل کر دیئے گئے ہیں جبکہ اس سال کی رپورٹ کے اکثر غلط بینکوں کے قرضوں کی ادائیگی کی وجہ سے حل ہو جائیں گے۔

کارپوریٹ اور فنانشل فریم ورک پر تعمیل کا بیان: انتظامیہ کارپوریٹ اور فنانشل فریم ورک پر عمل درآمد کے بارے میں بخوبی آگاہ ہے اور بشمول درج ذیل نظم و ضبط کی تعمیل کرتی ہے۔

A مالیاتی گوشوارے واضح طور پر معاملات کی حالت، آپریشنوں کے نتائج، واقعات کے بھاد اور اکوئٹی میں تبدیلی بیان کرتے ہیں۔

B کمپنی کی طرف سے باقاعدہ اکاؤنٹ کی کتابوں کا بندوبست کیا گیا ہے۔

C مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ کی پالیسیاں مسلسل استعمال میں لائی گئی ہیں اور اکاؤنٹنگ کے تخمینے مناسب اور حقیقت پسندانہ سوچ رکھتے ہوئے لگائے گئے ہیں۔

D مالیاتی گوشواروں کی تحصیل انٹرنیشنل سٹینڈرڈز کو مد نظر رکھ کر کی گئی ہے۔

E کمپنی کی اندرونی کنٹرول کا نظام مضبوط ہے اور موثر طریقے سے لاگو کیا گیا ہے اور قابلیت رکھنے والے اندرونی آڈیٹر کی نگرانی میں ہیں۔

F انتظامیہ موجودہ ٹیکسٹائل کے بحران میں کمپنی کو چلانے میں بھرپور کوشش کر رہی ہے۔

G کارپوریٹ گورننس کی بہترین پریکٹس سے متعلق کوئی کام نہیں کیا جا رہا جیسا کہ شکا آپریشن کی اسٹاک ریلیکیشن میں درج ہے۔

H چھ سالہ کلیدی آپریشننگ اور مالیاتی اعداد و شمار لف ہیں۔

I شیئر ہولڈنگ کے پٹرین کی شیڈول لف ہے۔

J دوران سال کمپنی کے ڈائریکٹر، CFO، CEO، کئی سیکرٹری یا ان کی اہلیہ اور نابالغ بچوں نے کمپنی کے حصص میں خرید و بیع نہیں کی۔



ڈائریکٹرز رپورٹ

میاں ٹیکسٹائل انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے میں آپ کو کمپنی کی طرف سے تیسویں سالانہ میٹنگ میں خوش آمدید کہتا ہوں اور کمپنی کے ڈائریکٹرز سالانہ عام اجلاس کے سامنے 30 جون 2016 کو ختم ہونے والے سال کے لئے آؤٹ شدہ اکاؤنٹس کے ساتھ ساتھ اپنی رپورٹ پیش کرنا چاہیں گے۔ اس مدت کے دوران کمپنی نے اپنے ویلجنگ پونٹ سے لیز کے معاہدے پر کرائے کا معاوضہ وصول کیا۔ اگرچہ دوسری طرف سپلنگ پونٹ بند ہی رہا کیونکہ ٹھیکیدار نے معاہدہ فروری 2015 میں ختم کر دیا تھا اور مارکیٹ کے حتمی حالات کے پیش نظر کسی دوسری پارٹی نے کنورژن یا لیز کی بنیاد پر معاہدہ کرنے پر دلچسپی ظاہر نہ کی۔

مالیاتی جائزہ

2015	2016	
(ملین روپے)	(ملین روپے)	
-	-	جاری شدہ آپریشن
-	-	سیلز
-	-	کل منافع
30,753	27,399	سرکاری کاری کی جاتیہ اد سے حاصل کردہ کرایہ کی آمدنی
(4,816)	(12,160)	آپریٹنگ نقصان
9,894	8,775	مالی لاگت
(30,631)	(171)	نقصان قبل از ٹیکس
-	-	ٹیکس
(30,631)	(171)	نقصان بعد از ٹیکس
(26,397)	86,450	مجموعی منافع / نقصان (سالانہ)
(1.39)	(0.01)	فی شیئر آمدنی

مستقبل کا تصور: مارکیٹ کی منفی صورتحال کے باوجود کمپنی کی انتظامیہ ہر صورت مسلسل حالات کا مقابلہ کرنے کی کوششوں میں لگی ہے مگر مارکیٹ کی صورتحال دن بدن بد سے بدتر ہوتی چلی جا رہی ہے ڈائریکٹرز حضرات اور خاندان کے اراکین کے مہیا کردہ قرضہ جات سے رواں سال انتظامیہ NIB بینک لمیٹڈ اور IDBL کو مکمل اور حتمی ادائیگی کا مطالبہ سے کھٹکی ہے۔ اور بینکوں نے باقاعدہ NOC جاری کر دیے ہیں۔ مزید برآں کمپنی اگست 2016 میں بینک آف پنجاب کے ساتھ آؤٹ آف کورٹ معاہدہ کرنے میں کامیاب ہو چکی ہے۔ اور کمپنی نے 19.41 ملین روپے کی ادائیگی 50% ایڈوانس کی صورت میں اوپر بیان کئے گئے تصفیہ معاہدے کے مطابق کر دی ہے۔ انتظامیہ پُر امید ہے کہ وہ بھتیا قرضوں کے بھی باقی بکلوں اور لیز کمپنیوں سے معاہدے طے کرے گی جیسا کہ اس کے دوسرے بینکوں نے کیا، جس کے لئے کمپنی نے سیکشن 284 اور 285 کمپنی آرڈیننس 1984 کے تحت کمپنی اور باقی تمام بینکوں کے درمیان سمجھوتہ طے کرنے کے لئے لاہور ہائی کورٹ میں درخواست دے رکھی ہے۔ بینکوں کے قرضہ جات کی ادائیگی کے لئے فیملی کے افراد اور ڈائریکٹرز اپنی ذاتی حیثیت کے مطابق کمپنی کو پہلے سے ہی رقم اقرضہ ادا کر چکے ہیں۔

منافع میں حصہ: رواں مالی سال 30 جون 2016 میں نقصان کی صورت میں ڈائریکٹرز نے کسی حصے دار کو Dividend دینے کی سفارش نہیں کی۔

نوٹ: مزید برآں کمپنی آڈیٹر کی رپورٹ کو مد نظر رکھتے ہوئے آڈیٹر کی طرف سے اٹھائے گئے ڈائریکٹرز کے جوابات درج ذیل ہیں۔

A اس مشکل گھڑی میں کمپنی کے ڈائریکٹرز کی مالی مدد سے کمپنی حالات کا مقابلہ کر رہی ہے اور رواں سال مزید 78.993 ملین روپے کے فنڈز اقرضہ جات ڈائریکٹرز اور فیملی ممبر نے فراہم کئے، ٹیکسٹائل انڈسٹری کے موجودہ حالات مزید خراب ہو گئے ہیں اور انتظامیہ اب بھی طرز کو آپریشنل رکھنے کیلئے دوسری پارٹیوں سے لیز ایگریمنٹ کرنے کی کوششیں کر رہی ہے۔ انتظامیہ آؤٹ آف کورٹ زیادہ تر بینکوں سے تصفیہ کرنے میں کامیاب ہو گئی ہے اور تصفیہ شدہ رقم کا بڑا حصہ ادا کر دیا گیا ہے اور کمپنی اُمید رکھتی ہے کہ بقیہ بینکوں اور لیز کمپنیوں کے ساتھ معاہدے طے پا جائیگا۔ اس سلسلے میں انتظامیہ نے ایک منصوبہ نوٹ نمبر 3 میں دیا ہے۔



PERFORMANCE OF LAST SIX YEARS AT GLANCE (RUPEES IN '000')

FINANCIAL DATA	2016	2015	2014	2013	2012	2011
PROFIT & LOSS ACCOUNT						
Sales	-	-	151,926	233,662	92,965	151,053
Cost of sales	-	-	155,423	240,669	113,636	152,911
Gross profit/(loss)	-	-	(3,497)	(7,007)	(20,670)	(1,859)
Rental income from investment property	27,399	30,753	-	-	-	-
Operating profit/(loss)	(12,160)	(4,816)	(21,732)	(22,899)	(35,677)	(16,472)
Profit/(loss) before taxation	(171)	(30,631)	(50,143)	(46,423)	(52,438)	(36,002)
Profit/(loss) after taxation	(171)	(30,631)	(51,663)	(47,617)	(26,325)	(37,601)
Comprehensive income/(loss) for the year	86,450	(26,397)	(22,752)	(36,997)	(15,041)	(25,604)
BALANCE SHEET						
Paid up capital	221,052	221,052	221,052	221,052	221,052	221,052
Fixed assets	392,531	415,083	427,961	575,115	603,276	653,651
Current assets	24,176	30,913	22,696	68,366	81,573	65,368
Current liabilities	262,281	226,555	112,809	108,383	128,335	89,312
KEY RATIOS						
Gross profit/(loss) ratio	-	-	-2.30%	-3.00%	-22.23%	-1.23%
Operating profit/(loss) ratio	-44.38%	-15.66%	-14.30%	-9.80%	-38.38%	-10.90%
Net profit/(loss) ratio	-0.62%	-99.60%	-34.01%	-20.38%	-28.32%	-24.89%
Current ratio	1 : 0.09	1 : 0.14	1 : 0.20	1 : 0.63	1 : 0.64	1 : 0.73
Earning/(loss) per share (Rs.)	(0.01)	(1.39)	(2.34)	(2.15)	(1.19)	(1.70)



PATTERN OF SHAREHOLDING (As on:- 30-Jun-2016)

No. of Share Holders	Shareholdings From	To	Total Number of Shares Held	Percentage of Total Capital
303	1 -	100	23,716	0.11
765	101 -	500	332,465	1.50
233	501 -	1000	225,998	1.02
306	1001 -	5000	974,515	4.41
76	5001 -	10000	562,024	2.54
22	10001 -	15000	283,400	1.28
16	15001 -	20000	396,700	1.79
8	20001 -	25000	190,200	0.86
11	25001 -	30000	261,100	1.18
4	30001 -	35000	96,800	0.44
5	35001 -	40000	109,000	0.49
3	40001 -	45000	130,100	0.59
4	45001 -	50000	145,500	0.66
3	50001 -	55000	108,400	0.48
1	55001 -	60000	60,000	0.27
1	60001 -	65000	65,000	0.29
1	65001 -	70000	137,295	0.62
1	70001 -	75000	73,500	0.33
1	135001 -	140000	139,000	0.63
1	145001 -	150000	300,000	1.36
2	150001 -	155000	305,500	1.38
1	165001 -	170000	168,000	0.76
1	170001 -	175000	175,000	0.79
1	175001 -	180000	354,000	1.60
1	200001 -	205000	202,868	0.92
1	205001 -	210000	210,000	0.95
1	215001 -	220000	215,734	0.98
2	305001 -	310000	308,800	1.40
1	420001 -	425000	420,900	1.90
1	645001 -	650000	645,578	2.92
1	1425001 -	1430000	1,425,809	6.45
1	1950001 -	1955000	1,952,800	8.83
1	2180001 -	2185000	2,185,000	9.88
1	3565001 -	3570000	3,566,198	16.13
1	5355001 -	5360000	5,356,300	24.23
1,782			22,105,200	100.00

FORM 34

Patten of Holding of Shares

Held by the Share Holders as at 30/06/2016

Categories of Share Holders	Numbers	Shares Held	%
- Individuals	1744	5,426,271	24.55
- Investment Companies	3	33,800	0.15
- Insurance Companies	1	420,900	1.90
- Financial Institution	3	54,715	0.25
- Joint Stock Companies	11	15,049	0.07
- Modaraba Companies	4	27,500	0.12
- Mutual Funds	1	69,656	0.32
- CEO, Directors, Spouses & Relatives	13	16,053,709	72.62
- Others	2	3,800	0.02
TOTAL:	1,782	22,105,200	100.00



CATEGORIES OF SHAREHOLDERS AS ON JUNE 30, 2016

	No. of Shares	%
1 ASSOCIATED COMPANY	NIL	-
2 NIT AND ICP		
a) National Bank of Pakistan, Trustee Department	54,415	
b) Investment Corporation of Pakistan	12,900	
	67,315	0.30
3 DIRECTORS		
a) Mian Muhammad Jehangir	5,356,300	24.23
b) Mian Muhammad Nawaz	202,868	0.92
c) Mian Waheed Ahmad	2,185,000	9.88
d) Mian Waqar Ahmad	154,000	0.70
e) Mian Khurram Jehangir	1,952,800	8.83
f) Mrs. Nargis Jehangir	3,566,198	16.13
g) Ms. Ayesha Jehangir	1,575,809	7.13
	14,992,975	67.83
4 DIRECTORS' SPOUSES & MINOR CHILDRENS & RELATIVES	1,060,734	4.80
5 PUBLIC SECTOR COMPANIES AND CORPORATIONS	741,884	3.36
6 BANKS DEVELOPMENT FINANCIAL INSTITUTIONS NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	1,118,434	5.06
7 GENERAL PUBLIC	4,123,858	18.66
	22,105,200	100.00
8 SHAREHOLDERS HOLDING FIVE PERCENT OR MORE		
Mian Muhammad Jehangir	5,356,300	24.23
Mrs. Nargis Jehangir	3,566,198	16.13
Mian Khurram Jehangir	1,952,800	8.83
Ms. Ayesha Jehangir	1,575,809	7.13
9 DURING THE FINANCIAL YEAR THE TRADING IN SHARES OF THE COMPANY BY THE CEO, DIRECTORS, CFO, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN IS AS FOLLOW:	NIL	-



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AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of *MIAN TEXTILE INDUSTRIES LIMITED* as at June 30, 2016, and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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) Equity as per balance sheet as on June 30, 2016 shows adverse balance of Rs. 377.369 million. The current liabilities on afore-said date are amounting to Rs. 262.281 million while the current assets are Rs. 24.176 million. The current liabilities have exceeded the current assets by Rs. 238.105 million, The un-provided foreign exchange loss amounting Rs. 170.465 million in paragraph (D) and un-provided markup of Rs. 95.151 in paragraph (B) when charged, the equity adverse balance will increase to Rs. 642.985 million (without impairment loss of machinery not determinable at this stage) while excess of current liabilities over the current assets will increase to Rs. 503.721. As per profit and loss account, the loss amounting to Rs. 0.171 million has been sustained in current year 2016 and the Company continuously has sustained losses for more than a decade. Despite further funds of Rs. 78.993 million brought in the Company by the directors and sponsors during the year, the Company is short of liquid funds and is not in a position to make payment of short term loans as per its commitment with banks.

The above condition indicates that material uncertainty exists which cast significant doubt on the Company ability to continue as a going concern and may be unable to realize its assets and discharge its liabilities in the normal course of business. No adjustment is made in financial statement which may result from this uncertainty. The financial statements are prepared by the management on-going concern basis and for the reason recorded on note 3.



- (B) The company has not provided markup on outstanding loans and leasing liabilities note (8.8.1) aggregating to Rs. 95.151 million and accumulated losses has been understated to that extent while the current year's loss is understated by Rs. 84.739 million. Mark up on settled loan is accounted for at cost of fund.
- (C) Due to litigation with banks and leasing companies, confirmation letters sent to The Bank of Punjab, National bank of Pakistan and First National Bank Modaraba for confirmation of principal loan balances and markup outstanding as on June 30, 2016 were not responded despite the repeated requests. Therefore, their outstanding loan balances amounting Rs. 93.372 million and mark up of Rs. 184.849 million remained un-confirmed as at June 30, 2016.
- (D) Foreign currency loans disclosed at note (8.6) are not translated into Pak Rupees at the exchange rates prevailing as on 30.06.2016, as required by ISA-21 as a result of which non-current liabilities and loss for the year are understated by Rs.170.465 million and accumulated losses are also reduced by that extent.
- (E) The company has classified the financial liabilities written off amounting to Rs. 81.725 million as part of statement of comprehensive income rather than profit and loss account, hence the Derecognition rule of financial liabilities as per IFRS 9 has not been complied with.
- (F) The company incurred a loss of 0.927 million on sale of non-current assets held for sale. No valuation as at the reporting date of this sale were made available. The management has not carried out any impairment testing as per IAS-36 to assess for indications that the carrying cost of the machinery as per books is higher than its present market value/ fair value and, in our opinion the Company has not followed its procedure for provision of impairment loss laid down at note (4.10).

In view of heavy loss, it was obligatory for the company to get its assets revalued as at June 30, 2016 and make the provision for the impairment loss, if any on the carrying amount of machinery of Rs. 100.544 million included at note (19.1) of fixed assets. In the absence of valuation report the impairment is not determinable.

- (G) No terms and conditions regarding repayment of directors' loan amounting to Rs.38.564 million are made as stated at note (7) and in the absence of such agreement as required by IAS-39 for amortization of loan cannot be fulfilled, and IAS – 39 has not been complied with.
- (H) Due to non-valuation of gratuity note (10.2) approved by the actuarial valuers, the provision of IAS-19 has not been complied with.
- (I) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (J) 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;
- (K) in our opinion, and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in paragraphs (A) to (H) 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 do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (L) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Note: The Financial Statements as June 30, 2015 were audited by another auditor.

October 05, 2016
LAHORE.

SARWARS
CHARTERED ACCOUNTANTS
Engagement Partner: Mr. Rashid Sarwar (FCA)



BALANCE SHEET

Equity and Liabilities	Note	2016 Rupees	2015 Rupees
Share capital and reserves			
Share capital	5	221,052,000	221,052,000
Accumulated loss		(598,420,827)	(684,870,520)
		(377,368,827)	(463,818,520)
Surplus on revaluation of Property, plant & equipment	6	225,890,806	230,785,779
Non-current liabilities			
Director's bridge finance & loan	7	96,563,713	38,563,713
Long term financing	8	54,545,342	222,110,611
Liabilities against assets subject to finance lease	9	20,949,639	20,949,639
Deferred liabilities	10	137,450,483	169,754,018
Long term deposits	11	1,111,111	4,444,444
Current liabilities			
Trade and other payables	12	37,007,580	48,448,598
Accrued mark-up	13	-	-
Short term borrowings	14	124,544,465	103,551,276
Current and overdue portion of non-current liabilities	15	100,728,751	74,555,556
Provision for taxation	16	-	-
		262,280,796	226,555,430
Contingencies and commitments	17	-	-
Liabilities directly associated with Non-Current assets held for sale	18	-	5,000,000
		421,423,064	454,345,114

The annexed notes form an integral part of these financial statements.
Auditor's report as per annexed.

MIAN MUHAMMAD JEHANGIR
Chief Executive

MIAN WAHEED AHMED
Director

**AS AT JUNE 30, 2016**

Properties and Assets	Note	2016 Rupees	2015 Rupees
Non-current assets			
Property, plant and equipment	19	293,509,327	316,061,880
Investment property	20	99,021,428	99,021,428
Long term deposits	21	3,648,244	3,648,244
Current assets			
Stores and spares	22	504,878	637,325
Trade debts	23	3,646,794	19,038,140
Loans and advances	24	597,120	592,706
Trade deposits and short term prepayments	25	6,167,980	6,281,413
Tax refunds due from Government	26	6,217,595	2,471,567
Cash and bank balances	27	7,041,286	1,891,694
		24,175,653	30,912,845
Assets held for sale	28	1,068,412	4,700,717
		421,423,064	454,345,114

The annexed notes form an integral part of these financial statements.
Auditor's report as per annexed.

MIAN MUHAMMAD JEHANGIR
Chief Executive

MIAN WAHEED AHMED
Director



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

	Note	2016 Rupees	2015 Rupees
Continuing operations			
Sales	29	-	-
Cost of sales	30	-	-
Gross profit		-	-
Rental income from investment property	31	27,399,187	30,753,023
Operating Profit		27,399,187	30,753,023
Operating expenses			
Rental expense of investment property	32	4,507,459	1,249,750
Distribution cost	33	1,044,542	992,292
Administrative expenses	34	34,006,709	33,327,201
		39,558,710	35,569,243
Operating loss		(12,159,523)	(4,816,220)
Other operating charges	35	15,972,769	18,937,266
Other operating income	36	36,736,252	3,016,515
Finance cost	37	8,774,647	9,894,483
Profit /(Loss) before taxation		(170,687)	(30,631,454)
Taxation	38	-	-
Profit /(Loss) for the year after taxation		(170,687)	(30,631,454)
Earning /(Loss) per share - basic & diluted	39	(0.01)	(1.39)

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

MIAN MUHAMMAD JEHangIR
Chief Executive

MIAN WAHEED AHMED
Director



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

	2016 Rupees	2015 Rupees
Profit / (Loss) for the year after taxation	(170,687)	(30,631,454)
Other comprehensive income	-	-
Items that are not classified to profit and loss:		
Long term Financial Liabilities written off	81,725,407	-
Transferred from surplus on Revaluation of Fixed assets on account of:		
Incremental depreciation charged during the year	3,870,305	4,135,146
Disposal of Plant and Machinery	1,024,668	99,057
Total comprehensive income / (loss) for the year	86,449,693	(26,397,251)

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

MIAN MUHAMMAD JEHangIR
Chief Executive

MIAN WAHEED AHMED
Director



CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation from operations		(170,687)	(30,631,454)
Adjustments for non-cash and other items:			
Depreciation		14,118,439	15,611,221
Provision for gratuity		442,184	581,061
Loss/(Gain) on disposal of property, plant and equipment		926,660	(277,370)
Loss on disposal of non-current asset held for sale (machinery)		-	17,071,515
Un-claimed balances written back		(36,329,396)	(2,290,640)
Profit on security deposit (SNGPL)		(384,250)	(448,505)
Provision raised for Claims receivable being bad of recovery		-	28,757
Provision raised for Doubtful debts		15,046,109	1,836,994
Excess provision written off		(22,606)	-
Finance cost		8,774,647	9,894,483
		<u>2,571,787</u>	<u>42,007,516</u>
Operating profit before working capital changes		2,401,100	11,376,062
Adjustments for Working Capital Changes			
(Increase) / decrease in current assets:			
Stores and spares		132,447	(520,724)
Trade debts		15,391,346	(8,218,651)
Loans and advances		(4,414)	(211,501)
Trade deposits, prepayments and other receivables		113,433	(931,421)
Tax refunds due from Government		416,099	(21,070)
(Decrease) / increase in current liabilities:			
Trade and other payables		(11,441,018)	2,862,127
Short term borrowings		20,993,189	38,619,440
Net working capital changes		25,601,082	31,578,200
Finance cost paid		(963,657)	(3,614,382)
Gratuity paid		(127,043)	(127,608)
Income tax paid		(4,162,127)	(1,629,510)
		<u>(5,252,827)</u>	<u>(5,371,500)</u>
Net cash generated from/ (used in) operating activities		22,749,356	37,582,762
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(822,872)	(2,304,078)
Investment property		-	(3,293,428)
Proceeds from disposal of property, plant and equipment		12,522,127	15,221,967
Net cash (used in) / generated from investing activities		11,699,255	9,624,461
CASH FLOWS FROM FINANCING ACTIVITIES			
Directors' bridge finance loan		58,000,000	-
Long term financing		(66,158,686)	(54,000,000)
Deferred liabilities		(12,807,000)	-
Long term deposits		(3,333,333)	10,000,000
Liabilities associated with Non-Current assets held for sale		(5,000,000)	(3,000,000)
Net cash (used in)/ generated from financing activities		(29,299,019)	(47,000,000)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		5,149,592	207,223
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,891,694	1,684,471
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	7,041,286	1,891,694

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

MIAN MUHAMMAD JEHANGIR
Chief Executive

MIAN WAHEED AHMED
Director

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

Particulars	Share Capital	Accumulated Loss	Shareholders' Equity
	-----Rupees-----		
Balance as at June 30, 2014	221,052,000	(658,473,269)	(437,421,269)
Total comprehensive income /(loss) for the year	-	(26,397,251)	(26,397,251)
Balance as at June 30, 2015	221,052,000	(684,870,520)	(463,818,520)
Total comprehensive income /(loss) for the year	-	86,449,693	86,449,693
Balance as at June 30, 2016	221,052,000	(598,420,827)	(377,368,827)

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

MIAN MUHAMMAD JEHANGIR
Chief Executive

MIAN WAHEED AHMED
Director



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

Mian Textile Industries Limited, "the Company", was incorporated in Pakistan on December 01, 1986 as a Public Limited Company under the Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 29-B/7, Model Town, Lahore and its manufacturing facilities are located at 48.5 K.M. Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur. The Company was principally engaged in the business of manufacturing, sale and export of textile products. It ceased production of yarn and cloths since 2010 and conversion services were extended to other parties. The company resumed its own production of cloth in last quarter of the year 2012 but has closed Weaving Unit with effect from November 2013. Most of the Weaving machinery has been sold out to sub-sidise the loans settlement agreements with banks. The management has no intention of resuming Weaving section in future. Weaving section building has been leased to a third party for 3 years and agreement will expire in October 2017. Spinning section machinery, factory building were leased to third party for one year up to 31st July 2015 but agreement was terminated by lessee in February 2015. The management intends to run spinning unit by itself or to enter an agreement with some other interested party on conversion basis in the near future, and is comprehensively pursuing this option.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared with in accordance and the requirements of the Companies Ordinance, 1984 (the Ordinance) and directives issued by the Securities and Exchange Commission of Pakistan, and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards (IASs) / International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. In case the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differs with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives shall prevail.

2.1 Standards, amendments or interpretations that became effective during the year

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation were either not relevant to the Company's operations or were not expected to have any significant impact on the Company's financial statements.

2.2 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

Standard or Interpretation		Effective Date Periods Beginning on or After
- IFRS 13	Fair value measurement	January 1, 2016
- IFRS 10	Consolidated financial statements	January 1, 2016
- IFRS 11	Joint arrangements	January 1, 2016
- IFRS 12	Disclosure of interests in other entities	January 1, 2016
- IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortization	January 1, 2016
- IAS 16 & 41	Agriculture: Bearer Plants	January 1, 2016

The management anticipates that adoption of above new standards and amendments of the standards will have no material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which have not been notified up to June 30, 2016 by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

Standard		IASB Effective Date Periods Beginning on or After
- IFRS 9	Financial instruments	January 1, 2018
- IFRS 14	Regulatory Deferral Accounts	January 1, 2017
- IFRS 15	Revenue from Contracts with Customers	January 1, 2018

The company has applied these standards to the extent and manner as applicable without any changes in the accounting policies of the company.

**3 BASIS OF PREPARATION OF FINANCIAL STATEMENTS ON GOING CONCERN ASSUMPTION**

These financial statements have been prepared under the historical cost convention, except certain property, plant and equipment shown at revalued amounts as stated in Note 19, investment property shown at fair value amounts as stated in Note 20, using, except for cash flow statements, accrual basis of accounting.

These financial statements are prepared on the assumption that the company will continue as a going concern for a foreseeable future. The company has suffered a loss of Rs. 0.171 million during the year ended June 30, 2016 (2015: Loss of Rs. 30.631 million) and accumulated losses are of Rs.598.421 million (2015: Rs. 684.870 million). The current liabilities of the company have exceeded over current assets by Rs. 238.105 million (2015: Rs. 195.642 million) as at the balance sheet date. Although the Weaving machinery is sold for liquidation of banks loans but still financial difficulties exist. These conditions cast a significant doubt about the Company's ability to continue as a going concern. These financial statement do not include adjustments results from this uncertainty and financial statements are prepared on going concern basis for reasons stated below.

3.1 Mitigating Plans

The management has decided to take following steps for improvement in the business activities:

3.1.1 During the year 2013 the management had succeeded to make an amicable settlement agreements with its major bankers i.e. NIB Bank Limited, Industrial Development Bank Limited and Habib Bank Limited in June 2013, August 2013 and November 2013 respectively. During the year the company has fully paid off the entire liability as per settlement agreement with NIB Bank Limited and Industrial Development Bank Limited. The management is very hopeful that it would also be able to get its remaining loans rescheduled/settled with the remaining banks and leasing company. The company has also filed a petition in Lahore High Court under section 284 & 285 of the Companies Ordinance 1984 for enforcing compromise amongst the company and all of its creditor Banks. The management is of the view that if as proposed, the agreements are executed for rescheduling the bank loans, finance cost shall substantially be reduced and by injecting further working capital, the company will be able to resume its business in near future.

3.1.2 The management had succeeded to enter into a Lease agreement with third party on 28th October 2014 for lease of building of its Weaving unit for a period of 3 years and hopeful that it will be extended for further period.

3.1.3 Due to irrepressible adverse condition prevailing in the market the management of the company is actively pursuing for agreement on conversion or lease basis regarding spinning unit.

3.1.4 The company aims to settle its suits filed by certain banks, the Company has made amicable settlement with its major banks and trying to settle their liabilities through sale of machinery and or through funding by the Directors/their family members.

By payment of settlement amounts to the banks, the Company will have the following benefits:

- (i) Litigations with the banks shall be closed.
- (ii) Banks Liabilities/financial/legal charges shall be substantially reduced.
- (iii) The Company shall be in a position to obtain working capital facilities from banks to run the Spinning Unit more efficiently.
- (iv) The Company will be able to reduce loss being sustained due to non-availability of working capital and wear & tear of the old machinery.

3.1.5 The directors are committed to provide loans in their personal capacity. They have already provided loans on account of bridge finance and short term borrowings.

As a result of above steps, the management is of the view that it will be able to run the business successfully and are very hopeful that the GOP will adopt such policies which aims to revive the textile industry.

See also note no.46 (Events Subsequent to the balance sheet date).

**4 SIGNIFICANT ACCOUNTING POLICIES****4.1 Functional and presentation currency**

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

4.2 Significant estimates and judgments

The preparation of financial statements in conformity with approved International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revision 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 revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Useful life of depreciable assets (note. 4.8)
- Investment property (note. 4.9)
- Provisions for doubtful receivables (note. 4.13)
- Slow moving inventory (note. 4.11, 4.12)
- Taxation (note. 4.7)
- Impairment (note. 4.10)
- Fair value measurement (note. 4.21)

However, the management believes that the change in outcome of the estimates would not have a significant effect on the amount disclosed in the financial statements.

4.3 Provisions

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle these obligations and a reliable estimate of the amounts can be made.

4.4 Staff retirement benefits

The Company operates an un-funded gratuity scheme for all its employees according to the terms of their employment. Under this scheme, gratuity is paid to the retiring employees on the basis of their last drawn basic salary for each completed year of service.

4.5 Trade and other payables

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

4.6 Contingencies

The Company has disclosed significant contingent liabilities for the pending litigation and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the balance sheet date.

4.7 Taxation**Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax at the applicable rate of tax on turnover under section 113 of the Income Tax Ordinance, 2001, whichever is higher.

Deferred

Deferred tax liability is accounted for in respect of all taxable temporary differences at the balance sheet date arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable income. Deferred tax assets are generally recognized for all deductible temporary differences, unused tax losses and tax credits to the extent it is probable that taxable profit will be available in future against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled.

**4.8 Property, plant and equipment****4.8.1 Operating fixed assets****Owned assets**

Property, plant and equipment are stated at cost/revalued amounts less accumulated depreciation and identified impairment losses, if any, except freehold land which is stated at revalued amount. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing the assets to working condition.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Revalued amount has been determined by an independent professional valuer on the basis of open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Cost in relation to self constructed assets includes direct cost of material, labor and other allocable expenses.

Increases in the carrying amount arising on revaluation of plant and equipment are credited to surplus on revaluation of fixed assets. Decreases that offset available surplus are charged against this surplus, all other decreases are charged to profit or loss. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the profit or loss) and depreciation based on the asset's original cost - incremental/decremental depreciation on revalued assets is transferred to/from surplus on revaluation of fixed assets from/to retained earnings (accumulated loss). All transfers to/from surplus on revaluation are net of applicable deferred taxation.

Depreciation is charged to income by applying reducing balance method without taking into account any residual value at the rates specified in Note 19. The remaining useful life of the depreciable assets and depreciation method are reviewed periodically to ensure that the depreciation method and periods of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment. Full month's depreciation is charged on additions to fixed assets during the month, where as no depreciation is charged on the assets disposed off during the month. The Company reviews the value of the assets for possible impairment on annual basis. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Gains or losses on disposal of property, plant and equipment are included in current year's income.

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

4.8.2 Capital work in progress

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

4.8.3 Leased assets**Finance lease**

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged on the basis similar to operating fixed assets applying reducing balance method at the rates specified in Note 19 to write off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of the lease periods.

Insurance and other maintenance costs are borne by the Company.

Finance cost and depreciation on leased assets are charged to current year's income.

Operating leases

Lease rentals payable under the operating leases are charged to profit and loss account on a straight line basis over the term of the relevant leases.

4.8.4 Non-Current assets held for sale

Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less cost to sell, if their carrying value is to be recovered principally through a sale transaction with in one year of the date of balance sheet rather than through continuing use and depreciation on such assets cease. Also refer to Note No. 28.

**4.9 Investment property**

Properties which are held to earn rentals or for capital appreciation or for both are classified as investment properties. Investment properties are initially recognized at cost, being the fair value of the consideration given. Subsequently these are stated at fair value. 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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date.. Also refer to Note No. 4.21.

Any gain or loss arising from a change in fair value is charged to profit or loss. Rental income from investment properties is accounted for as described in note 4.19.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Latest fair market valuation was carried out by the independent valuer on June 30, 2014 and the management is of the view that there is no material change in the valuation as at June 30, 2016.

For the purpose of subsequent measurement, the Company determines with sufficient regularity the fair value of the items of investment property based on available active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations wherever needed are performed as of the reporting date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of fixed assets. Upon disposal of the item, the related surplus on revaluation is transferred to retained earnings (accumulated loss). Any loss arising in this manner is immediately charged to profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

An item of Investment property is derecognized either when disposed of or permanently withdrawn from use and no future economic benefits is expected from its disposal.

4.10 Impairment

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year.

4.11 Stores and spares

These are valued at lower of moving average cost and net realizable value except for items in transit that are valued at cost comprising the invoice value plus incidental charges paid thereon till the balance sheet date. Provision is made against obsolete and slow moving items.

4.12 Stock in trade

Basis of valuation are as follows:

In 2016 there was no stocks. However, in earlier years these were valued in following manners.

Particulars	Mode of valuation
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Raw materials	At lower of moving average cost and net realizable value.
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Stocks in transit	At cost comprising the invoice value plus incidental charges paid thereon.
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Work-in-process	At estimated average manufacturing cost.
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Finished goods	At lower of average manufacturing cost and net realizable value.
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Wastes	At net realizable value.
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Store & spares	At moving average cost.
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Cost in relation to work in process consists of prime cost and attributable production overheads.

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

**4.13 Trade debts and other receivables**

Receivables are carried at original invoice amount less an estimate made for doubtful receivable balances based on review of outstanding amounts at year end. Bad debts are written off when identified.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at banks.

4.15 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on the accrual basis. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income in the period in which these are incurred.

4.16 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the balance sheet date and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to income.

4.17 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments and are remeasured at fair value. Any gain/loss on de-recognition and on remeasurement of such financial instruments other than investments available for sale, is charged to income for the period in which it arises.

4.18 Related party transactions

All transactions between company and related party are accounted for at arm's length price as an independent business in accordance with 'comparable Uncontrolled Price Method'. The company has voluntarily applied Sub-Regulation (Xiii) of listing regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and of approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions in accordance with normal business price recording proper justification for using if any, alternate pricing mechanism.

4.19 Revenue recognition

- (i) Local sales are recorded when goods are delivered to customers and invoices raised.
- (ii) Export sales are booked on shipment basis on receipt of bill of lading.
- (iii) Processing charges are recorded when goods are delivered to customers and invoices raised.
- (iv) Gain on 'sale and lease-back' transactions that result in finance lease, is deferred and amortized over the lease
- (v) Dividend income is recognized when the right to receive payment is established.
- (vi) Profits on short term deposits is accounted for on time apportioned basis on the principal outstanding and at the rate applicable.
- (vii) Rental income from investment properties is credited to profit or loss on accrual basis.

At present the company earns rental income and profit on deposits only.

4.20 Off setting of financial assets and liabilities

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

4.21 Fair value measurement

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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. When applicable, the Company measures the fair value of an instrument and non-financial assets carried at fair value, using the quoted price in an active market for that instrument and non-financial assets carried at fair value. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.



When there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

	2016 Rupees	2015 Rupees
5 SHARE CAPITAL		
Authorized capital		
22,500,000 (2015: 22,500,000) ordinary shares of Rupees 10 each	225,000,000	225,000,000
Issued, subscribed and paid up share capital		
22,105,200 (2015: 22,105,200) ordinary shares of Rupees 10 each fully paid up in cash	221,052,000	221,052,000
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Opening balance	230,785,779	235,019,982
Surplus on investment property	-	(76,560,233)
Surplus on other operating assets	230,785,779	158,459,749
Surplus transferred to accumulated loss:		
- Incremental depreciation charged during the year	(3,870,305)	(4,135,146)
- Disposal during the year	(1,024,668)	(99,057)
Surplus on other operating assets	225,890,806	154,225,546
Surplus on investment property	-	76,560,233
	225,890,806	230,785,779

6.1 As a result of revaluations of property, plant and equipment carried out in May 2008, April 2004 and September 1995, surplus of Rs. 762.469 million was raised that was credited to 'surplus on revaluation of property, plant and equipment' in terms of Section 235 of the Companies Ordinance, 1984. In 2014 the Land, Building and Plant & Machinery were revalued by approved Independent Valuer- Hamid Mukhtar & Co. (Pvt) Ltd., Lahore.

Refer to Note No. 19.1. & 19.4.

6.2 The Company adopted IAS 40 'investment property' in 2015 and applied fair value model of accounting as basis for measurement of investment property. All investment properties are measured under IFRS 13 'fair value measurement' and there is no any significant change in fair value as the assets were recently revalued as at June 30, 2014.

Refer to Note No. 4.9, 6.1, 19.1, 19.4 & 20.

7 DIRECTORS' BRIDGE FINANCE & LOAN

Interest Bearing Loan		58,000,000	-
Non-Interest Bearing Loan	7.1	38,563,713	38,563,713
		96,563,713	38,563,713

7.1 This represents interest-free and unsecured long term loans obtained from the directors of the Company. The repayment terms of the loan have yet not been finalized.



8 LONG TERM FINANCING	Note	2016 Rupees	2015 Rupees
Financing from banking companies:			
The Bank of Punjab	8.1	38,827,229	38,827,229
National Bank of Pakistan - DF-I	8.2	45,000,000	45,000,000
National Bank of Pakistan - DF-II	8.3 (a)	8,000,000	8,000,000
National Bank of Pakistan - DF-III	8.3 (b)	1,545,342	1,545,342
Habib Bank Limited	8.4	25,000,000	25,000,000
Habib Bank Limited	8.5	14,959,598	14,959,598
Habib Bank Limited	8.6	13,053,035	34,553,035
NIB Bank Limited	8.7	-	123,225,407
		146,385,204	291,110,611
Less: current portion shown under current liabilities	15.0	91,839,862	69,000,000
		54,545,342	222,110,611

8.1 The Bank of Punjab:

This represents Demand Finance obtained from The Bank of Punjab. It was repayable in 17 equal quarterly instalments commencing from July 2010 and carries mark-up at 3 Months KIBOR + 100 bps with no floor to be paid quarterly. It is secured against collaterals and equitable mortgage on industrial land in the name of directors of the Company, personal guarantees of the owners/ directors' property with a ranking charge of Rs. 53.773 million over all the present and future current and fixed assets of the Company. Sanctioned limit originally is Rs. 38.827 million valid upto 31-07-2014.

The Company has filed a suit for damages against Bank of Punjab for recovery of claims and damages of Rs. 140.253 million. The legal advisors vide letter dated August 08, 2016 have stated that there is no scope of any loss to the company. This suit is presently pending adjudication before Lahore High Court Lahore. The legal advisor has confirmed that a settlement has been affected amongst the parties.

Refer to note 17.6.

The Bank of Punjab has also filed a suit against the company for recovery of Rs. 56.298 million as confirmed by the legal advisor vide their letter dated August 08, 2016. This suit is also presently pending adjudication before Lahore High Court Lahore. The legal advisor has also confirmed that a settlement has been affected amongst the parties, in terms whereof, this suit will be withdrawn upon completion of settlement.

Request to the bank for balance confirmation were not responded.

The management has subsequently made a settlement agreement as on August 29, 2016 with Bank of Punjab and this loan will be payable by January 01, 2017. see also note no. 46.

8.2 National Bank of Pakistan DF-I:

This represents Demand Finance sanctioned by the National Bank of Pakistan. It is repayable in 16 equal quarterly instalments commencing from February 2011 and carries mark-up at 3 Months KIBOR + 3.5% p.a. with no floor / cap to be paid quarterly. It is secured against ranking charge of Rs. 45 million on fixed assets of the Company including 40% margin and personal guarantees of all sponsoring directors.

8.3 (a) National Bank of Pakistan DF-II:

This represents Demand Finance sanctioned by the National Bank of Pakistan. It is repayable in 4 equal quarterly instalments of Rs. 2 million each commencing from February 2015 and carries no mark-up. It is secured against ranking charge of Rs. 13.333 million on fixed assets of the Company and personal guarantees of all sponsoring directors.

8.3 (b) National Bank of Pakistan DF-III:

Cash Finance facility of Rs. 75 million (reduced from Rs. 150 million) sanctioned by the bank for meeting the working capital requirements of the Company. This facility carries mark-up at 3 Months KIBOR plus 2% per annum without floor/cap payable quarterly. It is secured against pledge of raw materials and personal guarantees of all the sponsoring directors of the Company. This facility has expired on September 30, 2009. Refer to note. 10.1.4.

The National Bank of Pakistan has filed a suit against the company and others for recovery of Rs. 77.252 million as confirmed by the legal advisor vide their letter dated August 08, 2016. This suit is also presently pending adjudication before Lahore High Court Lahore and is being vigorously contested by the Company.

Legal advisor vide their letter dated August 08, 2016 has confirmed that a Petition under section 284 & 285 of the Companies Ordinance 1984 for enforcing compromise amongst the Company and all of its creditor Banks has been filed by the Company before the Lahore High Court Lahore vide CO No.24/2013. The Company is vigilantly pursuing this case. There is no scope of any loss to the Company.

Refer to note 17.12, 17.13 and 10.1.4.

Request to the bank for balance confirmation were not responded.

**8.4 Habib Bank Limited - FAPC (Pledge)**

This represents certain utilized portion of finance against packing credit FAPC (Pledge) of Rs. 62.874 million (utilized) from Habib Bank Limited as of 15-10-2009 to meet the working capital requirements of the company that carries mark up at 3 Months KIBOR plus 2% subject to a floor rate of 12% per annum & (LIBOR plus 2.5% per annum with floor of 5.50% per annum in case of foreign finance). All the facilities expired on 31-12-2009.

8.5 Habib Bank Limited - FAPC (Hypo)

This represents short term facility (FAPC-Hypo) of Rs. 56.442 million (utilized) & Running finance of Rs. 2.98 million (utilized), obtained from the bank that carries mark up at 3 Months KIBOR plus 2% with floor of 12% per annum (LIBOR plus 2.5% per annum with floor 5.5% per annum in case of foreign finance). The loan is secured against ranking hypothecation and 1st pari passu/ranking charges on current and fixed assets of the company. All the facilities expired on 31-12-2009.

8.6 Habib Bank Limited

This represents certain utilized portion of finance against packing credit FAPC (Pledge) of Rs. 62.874 million (utilized), cash finance of Rs. 15.445 million (utilized), running finance of Rs. 5.000 million (utilized), and FAPC of Rs. 8.920 million (utilized) to meet the working capital requirements of the company obtained from the bank that carries mark up at 3 Months KIBOR plus 2% with floor of 12% per annum (LIBOR plus 2.5% per annum with floor 5.5% per annum in case of foreign finance). The loan is secured against ranking hypothecation and 1st pari passu/ranking charges on current and fixed assets of the company. All the facilities were expired on 31-12-2009.

The Bank as per its confirmation letter No # MP/THS/86 confirmed limit of Rs. 204.235 million of short term loans while balances extended to company are Rs. 223.48 million as on 30th June 2016 whereas the balances reflected in company's books on the said date after payments of Rs. 85.50 million by June 30, 2016 are Rs. 53.01 million. The foreign currency loans as at 30th June 2016 are converted by bank at exchange rates prevailing on balance sheet date and exchange variation loss of Rs. 170.465 million is not incorporated in books.

Also refer to note 10.1.3.

Request to the bank for balance confirmation were not responded.

The Company as per Settlement agreement dated 22 November 2013 agreed to pay entire liability of Habib Bank Limited by a total payment of Rs. 114.700 Million (Settlement Amount) through sale of assets/machinery. A sum of Rs. 40 million was paid against a sum of 68.820 Million within eight months from the date of agreement and the balance payment of Rs. 45.880 Million within twelve months from the date of the agreement. In case of delay/refusal from prospective buyer in making payment as per schedule then the Company will pay the Settled Amount from their own pocket through sale of assets/ machinery. Any waiver of the amounts mentioned in the suit i.e. Rs. 210.650 Million shall only be granted once the Company pay the entire Settlement Amount as mentioned above.

- (a) The Company could not make payment of Rs. 68.820 million by due date 22-07-2014 and accordingly vide a Supplement agreement dated 10 September 2014 agreed that balance amount of first settlement of Rs. 68.820 million would be paid in the manner of an amount of Rs. 8.820 Million by 22-10-2014 and balance amount of first installment of Rs. 20.0 Million by 22-11-2014.

The second installment of Rs. 45.880 Million shall be paid as per terms of the compromise agreement by or before 22-11-2014 i.e. 12 months from the date of main compromise agreement dated 23-11-2013 and decree dated 2-12-2013. That subject to this agreement all the terms and conditions of the Settlement agreement dated 23-11-2013 as well as decree dated 02-12-2013 shall be valid and are in field and shall be enforceable at the option of Bank in accordance with Law.

- (b) The Company and the bank have filed compromise agreement and cases against each other are to be withdrawn. Refer to note. 17.13.

- (c) However the company has paid Rs. 21.5 million in 2016 towards the outstanding balance agreed with HBL as per settlement. The company is of the view, upon availability of funds the full and final amount of the entire liability will be paid off.
See also note no. 46.



8.7 NIB Bank Limited:

The company as per settlement agreement with NIB Bank Limited has paid the agreed amount of Rs. 107.204 million against outstanding principal of Rs. 190.889 million during the year. The bank has waived off the remaining outstanding principal amount of Rs. 83.684 million and all out standing mark-up of Rs. 24.926 million. The bank has issued a certificate regarding Full and Final Settlement dated June 30, 2016. However the bank has not responded to our confirmation request. See note 36.

8.8 Followings are over dues loans, overdues mark-up, markup accrued & unprovided markup for which approval was not received yet from banks.

	Note no.	Overdues loans	Unprovided markup	Overdues markup
		2016 -----Rupees in million-----		
8.8.1 Financing from banking companies:				
The Bank of Punjab	8.1	38.827	20.039	42.036
National Bank of Pakistan	8.2 & 8.3	54.545	6.684	32.260
Habib Bank Limited	8.4 to 8.6	53.013	64.700	44.245
NIB Bank Limited	8.7	-	-	-
Industrial Development Bank Limited		-	-	-
		146.385	91.423	118.542
Leasing: First National Bank Modaraba	9.2	20.950	3.728	15.401
		167.335	95.151	133.943

	Note no.	Overdues loans	Unprovided markup	Overdues markup
		2015 -----Rupees in million-----		
8.8.2 Financing from banking companies:				
The Bank of Punjab		38.827	19.894	38.930
National Bank of Pakistan		54.545	4.905	29.002
Habib Bank Limited		38.013	59.063	44.245
NIB Bank Limited		90.725	114.591	24.926
Industrial Development Bank Limited		-	16.521	15.631
		222.110	214.974	152.734
Leasing: First National Bank Modaraba		20.950	4.538	13.954
		243.060	219.512	166.688

However the company has transferred an amount of Rs. 91.840 millions of the long term liabilities without any repayment schedule to current liabilities.

Note	2016 Rupees	2015 Rupees
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9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

9.1 Movement in finance lease liability is as follows:

Opening balance		20,949,639	20,949,639
Payments made during the year		-	-
		20,949,639	20,949,639
Current portion shown under current liabilities	15	-	-
		20,949,639	20,949,639



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9.2 The future minimum lease payments and their present value, to which the company is committed under lease agreements are as follows:

	Due not later than one year	Due over one year and up to five years	Due over five years	2016	2015
-----Rupees-----					
Minimum lease payments	26,287,781	2,600,496	-	28,888,277	28,888,277
Security deposits adjustable on expiry of lease term	-	2,866,667	-	2,866,667	2,866,667
Gross minimum lease payments	26,287,781	5,467,163	-	31,754,944	31,754,944
Financial charges allocated to future periods	(8,204,835)	(2,600,470)	-	(10,805,305)	(10,805,305)
Present value of minimum lease payments	18,082,946	2,866,693	-	20,949,639	20,949,639
Current portion shown under current liabilities	-	-	-	-	-
	18,082,946	2,866,693	-	20,949,639	20,949,639

9.2.1 The company has executed finance lease agreements with financial institution (leasing company) to acquire plant and machinery. The liabilities under these lease agreements are payable in monthly instalments by February 2017 and were originally subject to finance cost at the rate 14.75% (2015: 14.75%) (approximately) per annum which are used as discounting factors. Taxes, repairs, replacements and insurance costs are borne by the Company. The security deposits shall be adjusted against the residual value along with the last instalment as the management of the Company intends to exercise its option to purchase the assets upon completion of their respective lease terms.

9.2.2 These are secured against security deposits, titles of ownership of leased assets and personal guarantees of directors of the Company.

9.2.3 First National Bank Modaraba has filed a suit against the company for recovery of Rs. 29.994 million. This suit was presently pending adjudication before the Banking Court No.II Lahore, wherefrom it has been decreed on 29-01-2015 and presently as appeal of the same is pending adjudication before Honorable Lahore High Court Lahore, whereas execution proceedings before the Banking Court No. II are pending. The legal advisors vide letter dated August 08, 2016 have stated that this case is being vigorously and diligently contested by the Company. First National Bank Modaraba has also filed an appeal before the division bench of Lahore High court, Lahore, which is also pending. In execution proceedings against dismissal of an Objection Petition. the company has also filed an appeal before the Division Bench of Lahore High Court, Lahore. The amount in this case is the same as above referred. This case is being vigorously and diligently contested by the company.

The Company has also filed a suit against the First National Bank Modaraba for recovery of Rs. 47.550 million. This suit was presently pending adjudication before the Banking Court No.II Lahore, which was dismissed on 29-01-2015 and presently as appeal of the same is pending adjudication before Honorable Lahore High Court Lahore. The legal advisors vide letter dated August 08, 2016 have stated that there is no scope of any loss to the Company.

Refer to note. 17.7.

9.2.4 In relation to Note 9.2.1 to 9.2.3 no adjustments are made in books for claims and counter claims. Letters dropped to First National Bank Modaraba for confirmation of balances were not responded.

	Note	2016 Rupees	2015 Rupees
10 DEFERRED LIABILITIES			
Deferred mark-up	10.1	133,942,713	166,688,432
Staff retirement benefits - unfunded gratuity scheme	10.2	3,507,770	3,065,586
		137,450,483	169,754,018
10.1 Deferred mark up:			
Industrial Development Bank of Pakistan (Frozen)-Secured	10.1.1	-	15,631,000
The Bank of Punjab	10.1.2	42,036,355	38,930,177
Habib Bank Limited	10.1.3	44,245,366	44,245,366
National Bank of Pakistan	10.1.4	32,260,475	29,002,301
First National Bank Modaraba	10.1.5	15,400,515	13,953,877
NIB Bank Limited (PICIC)	10.1.6	-	24,925,710
		133,942,711	166,688,431



- 10.1.1 As per the bank confirmation dated September 07, 2016 the bank has confirmed that the company has settled their loan account with the Bank as per arrangement. The company as per settlement agreement has paid the entire liability of Rs. 12.807 million against the outstanding balance of 23.458 million as at agreement date. The remaining balance of Rs. 10.651 has been waived off. See note no. 36
- 10.1.2 This represents overdue mark up aggregating Rs 14.196 million relating to the period from October 2006 to June 2009 as a result of rescheduling vide letter dated 04-07-2009 from the Bank of Punjab. The overdue deferred mark up shall be paid after the last instalment of Demand Finance liability as on 01-07-2014. The unprovided mark up amount Rs 20.039 million (2015: Rs. 19.894 million) refer to note 8.1 and 46.
- 10.1.3 This year the Company has deferred the markup of Rs nil (2015:Rs. nil). The unprovided mark up amount Rs. 64.700 million (2015:Rs. 59.063 million). Refer to Note 8.6.
- 10.1.4 The company has requested the bank for rescheduling of loan liability, however, this proposal is under process by the bank as at the balance sheet date therefore this year the Company has also deferred the mark up of Rs nil (2015:Rs. nil). The unprovided mark up amount Rs 6.684 million (2015: Rs. 4.905 million). Refer to note 8.2 & 8.3.
- 10.1.5 This include Rs 3.900 million unpaid mark up for the period from September 2006 till March 2009 kept frozen by the bank and shall be paid in 12 equal monthly instalment of 0.325 million from March 2016 to February 2017.
- The management is of the view that this loan will be restructured. The unprovided mark up amount Rs 3.728 million (2015: Rs. 4.538 million). Refer to note 9.2.4.
- 10.1.6 The company has settled with NIB Bank Limited the out standing principal amount of loan as per arrangement and the Bank has waived off the entire mark up amount of Rs. 24.925 million as per books. See note 36.

	Note	2016 Rupees	2015 Rupees
10.2 Staff retirement benefits - unfunded gratuity scheme			
Reconciliation of payable to defined benefit plan:			
The amounts recognized in balance sheet are as follows:			
Present value of defined benefit obligation		3,507,770	3,065,586
Unrecognized net actuarial gains/(losses)		-	-
		3,507,770	3,065,586
Movement in net liability recognized is as follows:			
Opening balance at July 01,		3,065,586	2,612,133
Service cost recognized during the year		569,227	581,061
Benefits paid during the year		(127,043)	(127,608)
Closing balance as at June 30,		3,507,770	3,065,586
Last actuarial valuation was carried out as at June 30, 2009 under the 'Projected Unit Credit Method'. The significant assumptions used for actuarial valuation were as follows:			
In current year provision is based on estimate basis.			
Discount rate		13%	13%
Expected rate of salary increase		11%	11%
Expense recognized in the income statement			
Current service cost	10.2.1	569,227	581,061
Interest cost		-	-
		569,227	581,061

10.2.1 These include Rupees Nil (2015: Rs. 0.172 million) were recovered from lessee.

10.2.2 No actuarial valuation has been carried out. The management is of the view that the liability declared need no actuarial valuation.



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	Note	2016 Rupees	2015 Rupees
11 LONG TERM DEPOSITS			
Security deposits of lease:			
Style Textile (Pvt) Limited		10,000,000	10,000,000
Less: current portion shown under current liabilities		(8,888,889)	(5,555,556)
		<u>1,111,111</u>	<u>4,444,444</u>
12 TRADE AND OTHER PAYABLES			
Creditors for:			
Goods		5,816,646	6,613,814
Expenses		2,659,792	3,390,842
Accrued expenses		14,635,366	20,754,868
Advances from customers		6,218,607	11,302,232
Income tax deducted at source		105,667	87,445
Unclaimed dividend		415,333	415,333
Others		7,156,170	5,884,064
		<u>37,007,580</u>	<u>48,448,598</u>
13 ACCRUED MARK UP			
Mark up accrued on:			
Long term financing	13.1	-	-
Liabilities against assets subject to finance lease	13.2	-	-
		<u>-</u>	<u>-</u>
<p>13.1 Un provided mark-up for the year is Rs. 91.423 million (2015: Rs. 214.974 million). Refer to note 8.8.1 and 8.</p> <p>13.2 Un provided mark-up for the year is Rs. 3.728 million (2015: Rs. 4.538 million). Refer to note 8.8.1 and 9.</p>			
14 SHORT TERM BORROWINGS			
From related parties - unsecured			
Loan from related parties and others	14.1	124,544,465	103,551,276
		<u>124,544,465</u>	<u>103,551,276</u>
<p>14.1 This includes Rs. 104.544 millions interest-free and unsecured loan obtained from family and friends of the management. The repayment terms of the loan have yet not been finalized.</p> <p>14.2 Loan amounting Rs. 20 millions obtained from third party carrying no markup. It is treated as short term with mutual consent. No terms and conditions / repayment period are settled yet.</p>			
15 CURRENT AND OVERDUE PORTION OF NON-CURRENT LIABILITIES			
Current portion of Long term financing	8	91,839,862	69,000,000
Liabilities against assets subject to finance lease	9	-	-
Security deposits of lease	11	8,888,889	5,555,556
		<u>100,728,751</u>	<u>74,555,556</u>
16 PROVISION FOR TAXATION			
Provision made for the current year	38	-	-
Provision adjusted during the year		-	-
		<u>-</u>	<u>-</u>

**17 CONTINGENCIES AND COMMITMENTS**

- 17.1 Cotton claims of Rs. 29.851 million (US \$ 500,186) are lodged against foreign cotton suppliers and their agents in the Pakistan (Ralli Brothers) for weight shortage, bad quality supplied and late shipments. As per legal advisor confirmation, The suit is filed in the court of Civil Judge, Lahore and is presently at the stage of arguments and is still subjudice. However, this was considered bad of recovery and amount was written off.
- 17.2 Claims filed by M/s Cargill and others for Rs. 7.873 million have been awarded in exparte arbitration proceedings. These claims have not been admitted by the Company. The management is hopeful that no loss is expected to arise. The application filed in the court of Civil Judge, Lahore is still pending adjudication. The legal advisor has confirmed that the case is presently at the stage of arguments.
- 17.3 Writ petition filed against WAPDA on refusal of request for reduction of load was disposed off by the court with the direction to approach WAPDA authorities. The matter is still pending with the said authority.
- 17.4 Electricity duty case is pending with Honourable High Court. No confirmation from legal advisor of the company is available.
- 17.5 A suit filed by the PICIC now (NIB Bank Limited) against the company and others before the Lahore High Court, Lahore, wherein the bank has claimed recovery of Rs. 263.768 million. A settlement has been affected amongst the parties, in terms whereof, this suit has been adjourned Sine Die. NOC has been issued by the bank and the case will be withdrawn by the bank.

The Company has also filed a Writ Petition against Federation and NIB Bank Limited, thereby seeking protection under Article 10-A of the Constitution. This Writ Petition is pending adjudication before the Honorable Lahore High Court Lahore. The legal advisor vide its letter dated July 13, 2015 has stated that there is no scope of any loss to the company in the instant matter.

- 17.6 The Company has filed a suit for damages against Bank of Punjab for recovery of claims and damages of Rs. 140.253 million. The legal advisors vide letter dated August 08, 2016 have stated that there is no scope of any loss to the company. This suit is presently pending adjudication before Lahore High Court Lahore. The legal advisor has confirmed that a settlement has been affected amongst the parties.

The Bank of Punjab has also filed a suit against the company for recovery of Rs. 56.298 million as confirmed by the legal advisor vide their letter dated August 08, 2016. This suit is also presently pending adjudication before Lahore High Court Lahore. The legal advisor has also confirmed that a settlement has been affected amongst the parties, in terms whereof, this suit will be withdrawn upon completion of settlement.

Refer to note 8.1 and 10.1.2.

- 17.7 First National Bank Modaraba has filed a suit against the company for recovery of Rs. 29.994 million. This suit was presently pending adjudication before the Banking Court No.II Lahore, wherefrom it has been decreed on 29-01-2015 and presently as appeal of the same is pending adjudication before Honorable Lahore High Court Lahore, whereas execution proceedings before the Banking Court No. II are pending. The legal advisors vide letter dated August 08, 2016 have stated that this case is being vigorously and diligently contested by the Company. First National Bank Modarabah has also filed an appeal before the division bench of Lahore High court, Lahore, which is also pending. In execution proceedings against dismissal of an Objection Petition. the company has also filed an appeal before the Division Bench of Lahore High Court, Lahore. The amount in this case is the same as above referred. This case is being vigorously and diligently contested by the company.

The Company has also filed a suit against the First National Bank Modaraba for recovery of Rs. 47.550 million. This suit was presently pending adjudication before the Banking Court No.II Lahore, which was dismissed on 29-01-2015 and presently as appeal of the same is pending adjudication before Honorable Lahore High Court Lahore. The legal advisors vide letter dated August 08, 2016 have stated that there is no scope of any loss to the Company.

Refer to note. 9.2.3 and 10.1.5.

- 17.8 Appeals of Company relating to years 2005 & 2007 on the issue of minimum tax levied u/s 113 of Income Tax Act 2001 involving tax liability aggregating to Rs. 4.507 million are decided by the Income Tax Appellate in favour of Company vide Appellate Order dated April 13, 2015.
- 17.9 Appeal filed by Company to ATIR for tax year 2010 against various curtailment & add backs confirmed by CIR(A) made by DCIR vide Order u/s 122(5A) is pending. Demand of Rs. 0.173 million is illegal and not provided.



- 17.10 DCIR while making revised assessment vide Order u/s 124/161/205(3) dated 23-06-2014 levied tax of Rs. 1.957 million for tax year 2006 u/s 161 and Rs. 4.533 million for additional tax u/s 205(3) on said disputed demand Appeal before CIR(A) is yet not decided. However rectification was carried out by the taxation officer u/s 221 vide Order dated 17-09-2015 and all demand was reduced to Rs. 36.95 million.
- 17.11 The National Bank of Pakistan has filed a suit against the company and others for recovery of Rs. 77.252 million as confirmed by the legal advisor vide their letter dated August 08, 2016. This suit is also presently pending adjudication before Lahore High Court Lahore and is being vigorously contested by the Company.
Refer to note 8.2, 8.3 and 10.1.4.
- 17.12 The company has filed a suit against National Bank of Pakistan . As per legal advisor confirmation, this suit is presently pending adjudication before the Lahore High Court Lahore. The company is vigilantly pursuing this case. There is no scope of any loss to the company in the instant matter.
- 17.13 Legal advisor vide their letter dated August 08, 2016 has confirmed that a Petition under section 284 & 285 of the Companies Ordinance 1984 for enforcing compromise amongst the Company and all of its creditor Banks has been filed by the Company before the Lahore High Court Lahore vide CO No.24/2013. The Company is vigilantly pursuing this case. There is no scope of any loss to the Company.
- 17.14 Amount due from J.S Textile as at June 30, 2016 is Rs. 8.287 million against which the debtor issued cheques of Rs. 7.400 million out of which cheques of Rs. 3.900 million were dishonoured. As per legal advisor named "Lawyers & Lawyers" vide their letter dated August 08, 2016 suit for recovery of Rs. 3.900 million was filed. The Company is vigilantly pursuing this case. There is no scope of any loss to the Company. The legal advisor also stated that nothing can be anticipated for future.
- 17.15 FIR lodged against Green Corporation for damages claims of Rs. 26.827 million because of termination of lease agreement before the expiry date without giving prior notice. The matter is under negotiation for reconciliation of claims of contingent nature.

	Note	2016 Rupees	2015 Rupees
18 LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE			
Advances against machinery held for sale	18.1	-	5,000,000
18.1 Sale agreements with these contractors could not be concluded and advances received from them were returned back to them in year 2016.			
19 PROPERTY, PLANT AND EQUIPMENT-note annexed	19.1	293,509,327	316,061,880



19.1

PROPERTY, PLANT AND EQUIPMENT

Particulars	COST / FAIR VALUE						Rate	DEPRECIATION				Written Down Value as at June 30, 2015	Revaluation Surplus	
	As at 01-07-2015	Additions during the year	Disposals	Revaluation Adjustment	Transfer to Held for sale	Transfer to Investment property		As at 30-06-2016	Rupees		Accumulated as at 30-06-2016			
									Charge for the year	Adjustments on disposals				Transfers
Owned assets:														
Freehold land	80,000,000						80,000,000	-				-	80,000,000	
Factory building on freehold land	88,393,550	170,417					88,473,967	2,603,577	2,571,425			5,175,002	83,298,965	
Plant and Machinery	128,000,000		10,800,000				117,200,000	9,600,000	8,069,158	1,553,578		16,655,580	100,544,420	
Generator	24,865,422						24,865,422	12,294,362	942,830			13,237,192	11,628,231	
Office equipment	3,642,749	84,000					3,726,749	2,715,873	74,718			2,790,391	936,158	
Furniture and fixtures	6,740,690	158,455					6,899,145	4,815,538	274,554			5,090,092	1,809,053	
Vehicles	8,373,254	410,000	326,384				8,456,870	5,290,626	636,540	315,820		5,611,346	2,845,524	
	339,925,665	822,872	11,126,384	-	-	-	329,622,153	37,319,976	13,109,225	1,869,398	-	48,559,803	281,062,351	-

Assets held under finance lease:

Gas generators	28,666,667	-	-	-	-	7.5	28,666,667	15,210,476	1,009,214	-	-	16,219,690	12,446,977	-
	28,666,667	-	-	-	-	-	28,666,667	15,210,476	1,009,214	-	-	16,219,690	12,446,977	-
	368,592,332	822,872	11,126,384	-	-	-	358,288,820	52,530,452	14,118,439	1,869,398	-	64,779,493	293,509,327	-

Particulars	COST / FAIR VALUE					Rate	DEPRECIATION					Written Down Value as at June 30, 2015	Revaluation Surplus	
	As at 01-07-2014	Additions during the year	Disposals	Revaluation Adjustment	Transfer to Held for sale		Transfer to Investment property	As at 30-06-2015	Rupees		Transfers			Accumulated as at 30-06-2015
									Accumulated as at 01-07-2014	Charge for the year				
	Rupees							%	Rupees					
Owned assets:														
Freehold land	100,000,000	-	-	-	-	-	80,000,000	-	-	-	-	-	80,000,000	-
Factory building on freehold land	162,000,000	2,923,550	-	-	-	3	88,303,550	-	2,603,577	-	-	2,603,577	85,699,973	-
Plant and Machinery	128,000,000	-	-	-	-	7.5	128,000,000	-	9,600,000	-	-	9,600,000	118,400,000	-
Generator	30,980,603	-	-	-	-	7.5	24,865,422	14,362,610	1,248,950	-	(3,315,198)	12,294,362	12,571,060	-
Office equipment	3,632,199	-	(189,450)	-	-	10	3,642,749	2,753,530	112,266	(149,923)	-	2,715,873	926,876	-
Furniture and fixtures	6,460,162	280,528	-	-	-	10	6,740,690	4,629,535	186,003	-	-	4,815,538	1,925,152	-
Vehicles	8,744,175	-	(370,921)	-	-	20	8,373,254	4,873,410	771,382	(354,166)	-	5,290,626	3,082,628	-
	440,033,139	2,304,078	(560,371)	-	-	-	339,925,665	26,619,085	14,520,178	(504,089)	(3,315,198)	37,319,976	302,605,689	-

Assets held under finance lease:

Gas generators	28,666,667	-	-	-	-	7.5	28,666,667	14,119,433	1,091,043	-	-	15,210,476	13,456,191	-
	28,666,667	-	-	-	-	-	28,666,667	14,119,433	1,091,043	-	-	15,210,476	13,456,191	-
	488,699,806	2,304,078	(560,371)	-	-	-	368,592,332	40,738,518	15,611,221	(504,089)	(3,315,198)	52,530,452	316,061,880	-



19.2 Property, plant and equipment disposed off during the year 19.2.1

19.2.1 Detail of property, plant and equipment disposed off during the year:

Non current asset held for sale

Particulars	Cost/Revalued Amount	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (loss)	Sold to	Mode of Disposal
Electric Crain one Ton	44,000	-	44,000	5,042	(38,958)	Abdul Majeed (Kasur)	Negotiation
Drawing/Reeds Frame	130,000	-	130,000	25,210	(104,790)	Abdul Ghafar (Faisalabad)	Negotiation
Vacuum cleaner plant	800,000	-	800,000	168,067	(631,933)	Mujahid-ul-Rehman (Haripur)	Negotiation
Boiler	6,123,181	(3,315,198)	2,807,983	2,500,000	(307,983)	M/s Dynamic Sportswear pvt. Ltd. (Lahore)	Negotiation
	7,097,181	(3,315,198)	3,781,983	2,698,319	(1,083,664)		
Consumable Stores	48,808	-	48,808	48,808	-	Abdul Rasheed Lahore	Negotiation
Plant & Machinery							
Drawing Frame	1,250,000	(115,430)	1,134,570	1,100,000	(34,570)	Fanz Spinning Mills (Kasur)	Negotiation
Bale Pluckers	300,000	(29,438)	270,563	300,000	29,438	Hashim Text. & Knitwears Pvt. Ltd. (Lahore)	Negotiation
Blow Room	5,200,000	(600,438)	4,599,563	4,300,000	(299,562)	Hassan and Co. (Karachi)	Negotiation
Card Filter	800,000	(35,000)	765,000	700,000	(65,000)	Al-Zamin Textile Mills Ltd. (Faisalabad)	Negotiation
Drawing Frame	1,250,000	(144,336)	1,105,664	1,125,000	19,336	Fanz Spinning Mills (Kasur)	Negotiation
Air & Humidification plant	800,000	(101,625)	698,375	675,000	(23,375)	Abdul Rasheed Lahore	Negotiation
Laboratory Equipment	1,200,000	(166,313)	1,033,688	1,360,000	326,313	Hassan and Co. (Karachi)	Negotiation
Vehicles	10,800,000	(1,192,578)	9,607,422	9,560,000	(47,422)		
Suzuki Mehran LXZ-2514	326,384	(315,809)	10,575	215,000	204,425	Arif Ali (Kasur)	Negotiation
2016	18,272,373	(4,823,586)	13,448,787	12,522,127	(926,660)		

	Note	2016 Rupees	2015 Rupees
19.3 Depreciation for the year has been allocated as under:-			
Cost of goods sold - Continuing operations	30.0	-	-
Administrative expenses	34.0	985,812	1,069,651
Administrative expenses - Non operational	34.3	13,132,627	14,541,570
		14,118,439	15,611,221

19.4 Revaluations of land, buildings, plant and machinery was carried out in May 2008, April 2004 and September 1995 by an independent valuers. In 2014 the Land, Building and Plant & Machinery are revalued by approved Independent Valuer- Hamid Mukhtar & Co. (Pvt) Ltd., Lahore.

20 INVESTMENT PROPERTY

Opening balance	99,021,428	-
Freehold land transfer during the year	-	20,000,000
Factory building on freehold land transfer during the year	-	75,728,000
Acquisition during the year	-	3,293,428
Carrying value	-	99,021,428
Increase in fair value	-	-
Fair value - Closing balance	99,021,428	99,021,428

As of reporting date, investment properties comprise of land and building. Fair value of investment properties is determined by an independent professional valuer. Latest valuation of these properties was carried out on June 30, 2014 by an approved Independent Valuer- Hamid Mukhtar & Co. (Pvt) Ltd., Lahore. The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the investment properties that are measured at fair value at June 30, 2016.

Recurring fair value measurements

Investment properties	99,021,428	99,021,428
-----------------------	------------	------------

There are no level 1 and level 3 assets during 2016.

Valuation techniques used to derive level 2 fair values

Level 2 fair values of investment property have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location, size, nature and condition of the property. The most significant input into this valuation approach is price per square foot.



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- 20.1 Latest fair market valuation was carried out by the independent valuer on June 30, 2014 and there is no material change in the recorded valuation as at June 30, 2016 as compared to that shown by balance sheet as at June 30, 2015.
- 20.2 The Company has adopted first time IAS 40 'Investment property' in the year 2015 and applied fair value model of accounting as basis for measurement of investment property. Previously these assets were held in 'Property, plant and equipment' IAS 16 measured under revaluation model. All investment properties are measured under IFRS 13 'fair value measurement' and there is no change in fair value as the assets were recently revalued as at June 30, 2014. The change in accounting estimate has been effected to comply with the requirements of revised IAS 40 and IFRS 13 and accounted for prospectively by including the effect in profit and loss in period of change in accordance with the recommended treatment specified in the revised IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Refer to note. 4.2, 4.9, 4.21 & 6.

21 LONG TERM DEPOSITS

Note

2016
Rupees

2015
Rupees

Deposits against leased assets
Deposits with Utility Companies
Others

2,866,667	2,866,667
658,317	658,317
123,260	123,260
3,648,244	3,648,244

22 STORES AND SPARES

Stores
Disposed during the year
Less: Provision for obsolete stores

1,022,015	681,917
(48,808)	-
(921,098)	(370,238)
52,109	311,679

Spares
Less: Provision for obsolete spares

914,037	443,986
(311,590)	(118,340)
602,447	325,646

Less: Transferred to held for sale

(149,678)	
504,878	637,325

23 TRADE DEBTS

Local

Considered good - unsecured
Considered doubtful

23.1

2,134,687	9,958,705
995,475	4,277,301
3,130,162	14,236,006
(995,475)	(4,277,301)
2,134,687	9,958,705

Less: Provision for doubtful debts

Rent recoverable

Considered good - unsecured
Considered doubtful

23.1

1,512,107	3,224,013
14,519,196	5,855,422
16,031,303	9,079,435
(14,519,196)	-
1,512,107	9,079,435
3,646,794	19,038,140

23.1 Also refer to Note. 17.14 & 17.15.

24 LOANS AND ADVANCES

Advances to suppliers and contractors:

- Considered good
- Considered doubtful

61,460	112,901
189,761	259,797
251,221	372,698

Less: Provision for doubtful advances

(189,761)	(259,797)
-----------	-----------

Advances to employees

61,460	112,901
535,660	479,805
597,120	592,706

- 24.1 Amount due from chief executive officer, directors, executives of the Company and other related parties is Rs. nil (2015:Rs. nil). Maximum aggregate balance due from Directors of the Company at the end of any month during the year was Rs. nil (2015: Rs. nil).



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		2016 Rupees	2015 Rupees
25 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposit (SNGPL)	25.1	6,053,697	6,179,407
Guarantee margin		48,756	48,756
Prepayments		65,527	53,250
Claims receivables	25.2	-	-
		6,167,980	6,281,413
25.1	These accounts are subject to return @ 5.0% (2015: 4.19%) per annum.		
25.2	Claims receivables		
	Considered good	-	-
	Considered doubtful	-	33,976,306
		-	33,976,306
	Less: provision for doubtful claims	-	(33,976,306)
		-	-
26 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax refundable	26.1	6,128,177	1,966,050
Sales tax refundable		577,180	993,279
Less: Provision for doubtful of recovery		(487,762)	(487,762)
		89,418	505,517
		6,217,595	2,471,567
26.1	INCOME TAX REFUNDABLE comprises of:		
	Balance as at Ist July,	1,966,050	336,540
	Add/(Less) : (Deducted)/Collected during the Year	4,162,127	1,629,510
		6,128,177	1,966,050
	Less : Adjusted against Provision for Taxation	-	-
		6,128,177	1,966,050
27 CASH AND BANK BALANCES			
Cash in hand		144,021	22,037
Cash with banks:			
	In current accounts	4,185,614	142,872
	In saving accounts	2,711,651	1,726,785
		6,897,265	1,869,657
		7,041,286	1,891,694
28 ASSETS HELD FOR SALE			
Non current asset held for sale			
Opening balance		4,142,983	29,640,000
Transfer during the year - Plant and Machinery		-	2,807,983
		4,142,983	32,447,983
Disposed off during the year		(3,781,983)	(28,305,000)
		361,000	4,142,983
Weaving store & spares held for sale			
Opening balance		557,734	2,106,282
Transfer during the year		149,678	557,734
		707,412	2,664,016
Disposed off during the year		-	(2,106,282)
		707,412	557,734
		1,068,412	4,700,717

The Company has closed down its Weaving unit and most of machinery has been sold last year. Machinery held for sale is expected to be sold entirely with in next 12 months. Also refer to Note. 1 & 19.1.

In view of the un-healthy and un-economical conditions of the country the management anticipate that they will be hardly able to realize the fair market value of Rs. 0.361 million disclosed by financial statement resulting in no profit or loss.



29 SALES

Conversion Charges from third parties

2016 Rupees	2015 Rupees
-	-
-	-

30 COST OF SALES

Salaries, wages and benefits

Stores and spares consumed

Fuel and power

Packing materials

Other manufacturing expenses

Depreciation

19.3

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

Cost of goods manufactured

Finished goods:

Opening - Spinning

31 RENTAL INCOME FROM INVESTMENT PROPERTY

Green Corporation

Style Textile (Pvt) Limited

Miscellaneous Colony rent

-	17,600,000
24,736,839	12,518,989
2,662,348	634,034
27,399,187	30,753,023

32 RENTAL EXPENSES OF INVESTMENT PROPERTY

Salaries, wages and benefits

Rent, rate and taxes

Repair and maintenance

Insurance

Vehicles expenses

Telecommunication

Others expenses

32.1

3,702,682	762,399
123,750	83,600
169,451	194,996
79,761	113,420
-	30,300
43,339	34,086
388,476	30,949
4,507,459	1,249,750

32.1 These include Rupees 0.195 million (2015: Rupees 0.030) in respect of staff retirement benefits.

33 DISTRIBUTION COST

Staff salaries and benefits

Miscellaneous

33.1

1,020,467	960,000
24,075	32,292
1,044,542	992,292

33.1 These include Rupees Nil (2015: Rupees Nil) in respect of staff retirement benefits.



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		2016 Rupees	2015 Rupees
34 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	34.1	7,601,948	6,638,936
Travelling and conveyance		27,395	71,625
Rent, rate and taxes		1,053,160	987,615
Repair and maintenance		280,844	221,424
Insurance		218,594	199,293
Utilities		918,093	690,885
Printing and stationery		164,632	169,470
Fee and subscription		219,217	245,000
Vehicles running and maintenance		1,305,677	1,044,247
Entertainment		223,619	259,444
Newspapers and journals		18,005	21,125
Postage and telegram		28,693	40,703
Telecommunication		256,550	256,275
Press advertisements		26,180	99,340
Legal and professional charges		2,786,000	1,301,000
Auditor's remuneration	34.2	383,800	425,000
Depreciation	19.3	985,812	1,069,651
Miscellaneous		-	16,383
Non-operational expenses	34.3	17,508,490	19,569,785
		34,006,709	33,327,201
34.1	These include Rupees 0.373 million (2015: Rupees 0.379 million) in respect of staff retirement benefits.		
34.2	Auditors' remuneration:		
- Statutory audit fee		175,000	150,000
- Review, corporate advisory and certification fee		55,800	50,000
- Tax consultancy fee		143,000	200,000
- Out of pocket expenses		10,000	25,000
		383,800	425,000
34.3	Non-operational expenses		
Rent, rate and taxes		23,000	62,500
Repair and maintenance		587,294	422,739
Stores and spares consumed		169,348	1,712,733
Fuel and power		2,837,837	2,666,156
Insurance		315,157	101,057
Fee and subscription		55,368	55,368
Telecommunication		5,149	4,855
Other expenses		382,710	2,807
Depreciation		13,132,627	14,541,570
		17,508,490	19,569,785
35 OTHER OPERATING CHARGES			
Provision raised for Claims receivable being bad of recovery		-	28,757
Loss on disposal of fixed assets		926,660	-
Provision raised for Doubtful debts		15,046,109	1,836,994
Loss on disposal of non-current asset held for sale (stores)		-	1,548,548
Loss on disposal of non-current asset held for sale (machinery)		-	15,522,967
		15,972,769	18,937,266
36 OTHER OPERATING INCOME			
Profit on security deposit (SNGPL)		384,250	448,505
Excess provision written off		22,606	-
Deferred markup written off		35,576,710	-
Un-claimed balances written back		752,686	2,290,640
Profit on disposal of office equipments and vehicle		-	277,370
		36,736,252	3,016,515



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37 FINANCE COST

Mark up on:

Long term financing

Lease

Bank charges

2016 Rupees	2015 Rupees
7,317,884	8,071,804
1,446,638	1,808,297
10,125	14,382
8,774,647	9,894,483

38 TAXATION

38.1 Current year

The Company in tax year 2016 has sustained loss of Rs. 0.171 million while it has brought forward assessed losses amounting to Rs. 340.210 million. The Company during the year enjoyed income from lease/rental, from industrial building and spinning machinery which in view of the specific provision in section 39 of the Income Tax Ordinance, 2001, falls taxable as income from other sources.

In view of losses, no tax is payable by the Company on income basis while the income from other sources is not hit by the mischief of provision of section 113. Accordingly, no provision is raised for taxation.

Income tax return for tax year 2015 was filed within prescribed time limit. Income tax assessments have been completed up to income year ended June 30, 2015 (tax year 2015) as deemed assessment. Losses available for carry forward to tax year 2016 are amounting to Rs. 245.773 million (2014: Rs. 368.306 million).

38.2 Deferred tax asset amounting Rs. 2.864 million (2014: Rs. 103.387 million) is not recognized in these financial statements as the Company is sustaining heavy losses and is assessed under the deeming section 113 of the Income Tax Ordinance. Major timing differences are not expected to reverse for a foreseeable future and there is no assurance that future taxable profits would be sufficient to realize the benefit of brought forward losses.

39 EARNING /LOSS PER SHARE - basic & diluted

Loss) for the year	Rupees	(170,687)	(30,631,454)
Weighted average number of ordinary shares	Number	22,105,200	22,105,200
Loss per share	Rupees	(0.01)	(1.39)

39.1 There is no dilutive effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE OFFICERS

Particulars	2016		2015	
	Chief Executive	Executive Directors	Chief Executive	Executive Directors
	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	816,000	1,400,000	735,996	1,320,000
House rent allowance	326,400	560,000	294,396	528,000
Medical	81,600	140,000	73,608	132,000
	1,224,000	2,100,000	1,104,000	1,980,000

Number of persons	1	2	1	2
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40.1 In addition to above, meeting fee of Rs. 10 thousand (2015:Rs. 8 thousand) was paid to one (2015: one) nominee director during the year.

40.2 The Chief Executive Officer and directors are provided with free use of the Company maintained vehicles.

41 RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprise of related group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:



	2016 Rupees	2015 Rupees
Transactions with related parties undertaken during the year are as follows:		
- Lease rent	(835,450)	(646,800)
- Loan from family associates	78,993,189	58,619,440

42 FINANCIAL INSTRUMENTS**42.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES**

The Company has devised policies for risk areas where it could be subjected to a financial loss or where it expects to make market gains. The Company takes exposure to expand its business, obtain sufficient funds to fulfill the demands, meet working capital requirements and to gain benefit of mark-up rate spread available in the money market. Due to the nature of business of the Company, it is inherent that the Company liabilities will remain sensitive to external factors beyond the control of management. Therefore, the management secures the financial liabilities of the Company through collateralization of its property, plant and equipment, stores and stock-in-trade. Such collateralization are disclosed in relevant notes to these financial statements.

The management provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk interest rate risk, credit risk and liquidity risk.

(a) Market Risk

Market risk is the risk where parties to the financial instruments are subjected to risk of changes in fair values of their financial assets and liabilities due to circumstances reasonably beyond their control. The carrying value of all the financial instruments reflected in these financial statements approximates to their fair values.

(i) Currency Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is subjected to currency risk on export sales and purchases that are entered in a currency other than Pak Rupees that is a functional and presentation currency. The Company is exposed to currency risk arising from United States Dollars- USD only. Currently the Company's foreign exchange exposure is restricted to long term and short term borrowings. The Company's exposure to currency risk is as follows:

	2016 USD	2015 USD
Long term financing	1,948,604.88	1,948,604.88

The following significant exchange rates were applied during the year:

Rupee per US Dollar

Average rate	103.10	100.23
Reporting date rate	104.50	101.70

Sensitivity Analysis

If the functional currency, at reporting date, has weakened/ strengthened by 5% against the USD with all other variables held constant, the impact on loss after taxation for the year would have been Rs. 10.045 million (2015: 9.765 million) higher/lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments.

(ii) Other Price Risk

Other price risk represents 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. The Company is not exposed to commodity price risk since it has no portfolio of commodity suppliers. No equity instrument held by the Company which are traded on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Karachi Stock Exchange (KSE). Therefore, it has not any possible impact of increase / decrease in the KSE Index on the Company's profit after taxation for the year and on equity (fair value reserve).



(iii) Interest Rate Risk

Interest rate risk represents the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant Long Term interest bearing assets except for Saving and Deposit accounts, on which rate of return is minimal. The Company's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2016 Rupees	2015 Rupees
Fixed Rate Instruments		
Financial Liabilities	-	-
Floating Rate Instruments		
Financial Liabilities		
Long term financing	54,545,342	222,110,611
Liabilities against assets subject to finance lease	20,949,639	20,949,639
Financial Assets	2,711,651	1,726,785

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 balance sheet date would not affect the profit and loss of the Company.

(b) 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 that would be recognized at the reporting date. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2016 Rupees	2015 Rupees
Long term deposits	3,648,244	3,648,244
Trade debts	3,646,794	19,038,140
Loans and advances	535,660	479,805
Trade deposits	6,102,453	6,228,163
Bank Balances	6,897,265	1,869,657
	20,830,416	31,264,009

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 23.

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

(c) Liquidity Risk

Liquidity Risk is a risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Since many years, The Company is facing liquidity problems. For this, purpose, the Company is continuously negotiating with its financial institutions in order to re-schedule its loans and also to defer payment of its outstanding loans and mark-up accrued thereon. Currently, the Company manages its liquidity risk by maintaining cash and the availability of funding through an adequate amount of committed credit facilities. At 30th June, 2016, the Company had Rs. nil million (2015: Rs. nil) available borrowing limits from financial institutions and Rs. 1.870 million (2015: 6.897 million) cash and bank balances. In spite the fact that the Company is in a negative working capital position at the year end, management believes the liquidity risk to be low. Following are the contractual maturities of financial



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liabilities, including interest payments. The amounts disclosed in the table are undislosed cash flows:

Current maturities of financial liabilities as at 30th June, 2016

	Carrying Amount	Contractual Values	Less than One Year	One to Five Years	More than Five Years
	-----Rupees-----				
Trade and other payables	37,007,580	37,007,580	37,007,580	-	-
Short term borrowings	124,544,465	124,544,465	124,544,465	-	-
Directors' bridge finance & loan	96,563,713	96,563,713	-	96,563,713	96,563,713
Long term financing	54,545,342	54,545,342	54,545,342	-	-
Assets subject to finance lease	20,949,639	20,949,639	18,082,946	18,082,946	2,866,693
Deferred Liabilities	137,450,483	137,450,483	119,354,114	18,096,369	18,096,369
	471,061,223	471,061,223	353,534,448	132,743,028	117,526,775

Current maturities of financial liabilities as at 30th June, 2015

	Carrying Amount	Contractual Values	Less than One Year	One to Five Years	
	-----Rupees-----				
Trade and other payables	47,877,112	47,877,112	47,877,112	-	-
Short term borrowings	64,931,836	64,931,836	64,931,836	-	-
Directors' bridge finance & loan	38,563,713	38,563,713	-	38,563,713	38,563,713
Long term financing	345,110,611	345,110,611	340,310,611	4,800,000	4,800,000
Assets subject to finance lease	20,949,639	20,949,639	15,698,050	5,251,589	5,251,589
Deferred Liabilities	163,020,463	163,020,463	144,924,094	18,096,369	18,096,369
	680,453,374	680,453,374	613,741,703	66,711,671	66,711,671

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

42.2 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all the Financial Assets & Liabilities reported in Financial Statements approximate their Fair Value. Fair value is determined on the basis of objective evidence at each reporting date.

42.3 FINANCIAL INSTRUMENTS BY CATEGORIES

	2016 Rupees	2015 Rupees
Loans and Advances		
Long term deposits	3,648,244	3,648,244
Trade debts	3,646,794	19,038,140
Loans and advances	535,660	479,805
Trade deposits	6,167,980	6,281,413
Bank Balances	7,041,286	1,891,694
	21,039,964	31,339,296
Financial Liabilities as at Amortized Cost		
Long term financing	146,385,204	291,110,611
Liabilities against assets subject to finance lease	20,949,639	20,949,639
Deferred liabilities	137,450,483	169,754,018
Trade and other payables	37,007,580	48,448,598
Short term borrowings	124,544,465	103,551,276
	466,337,372	633,814,142


42.4 CAPITAL RISK MANAGEMENT

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets shareholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend payout, thus maintaining smooth capital management.

In line with others in the textile industry, the Company monitors its capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings from the banks and financial institutions (including current and non-current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt. As on the reporting date , the gearing ratio of the Company was as under:

	2016 Rupees	2015 Rupees
Total borrowings	270,929,669	394,661,887
Cash and bank balances	(7,041,286)	(1,891,694)
Net Debt	263,888,383	392,770,193
Equity	(377,368,827)	(463,818,520)
Total Capital	(113,480,444)	(71,048,327)
Gearing Ratio	-232.54%	-552.82%

43 SEGMENT INFORMATION

The company earns only rental income from renting out land and building (investment property). The company has no operation segments, therefore no segmentation has been made.

44 PLANT CAPACITY AND PRODUCTION
Spinning

Number of spindles installed and worked	18,456	18,456
Rated capacity in thousands of kilograms converted into 20/1 count	5,845	5,845
Actual production in thousands of kilograms converted into 20/1 count:		
- Own Conversion	-	-
- Conversion-third parties	-	-

Weaving

Number of looms installed and worked	-	-
Rated capacity in thousands of sq. meters converted into 50 picks	-	-
Actual production in thousands of sq. meters converted into 50 picks:		
- Own Conversion	-	-
- Conversion-third parties	-	-

44.1 Non-utilization of rated capacity was due to lease agreement with third parties.

44.2 Weaving Unit has been closed with effect from November 2013 with no intention of resuming it.

45 NUMBER OF EMPLOYEES

	2016	2015
Average No. of workers per month	35	46
As at 30th June	35	35

**46 EVENTS AFTER THE BALANCE SHEET DATE****Settlement Agreement with BOP:**

The company has made a settlement agreement with The Bank of Punjab for settlement of overdue liabilities as on June 30, 2016. The bank of Punjab vide letter # SAMD/HO/NIL dated August 29, 2016 has informed the approval of proposal for settlement of overdue liabilities in the subject account on the terms and conditions mentioned below;

Against the total liability of Rs. 70.785 million the company shall repay Rs. 38.827 million as full and final settlement in the following manner.

a) Down Payment (50%) of Rs. 19.414 million within 15 days after the date approval.

b) Balance Repayment:

i) Rs. 9.707 million i.e 25% shall be paid by 31.10.2016

ii) Rs. 9.706 million i.e 25% shall be paid on or before 31.01.2017

Upon payment of settlement amount and withdrawal of suit against the Bank a sum of Rs. 31.957 million on account of legal charges/ Markup/ cost of Fund will be waived. Noc will be issued and securities will be released. The bank will withdraw the recovery suit against the company..

The company has paid Rs. 19.414 million on account of down payment as per the above settlement agreement.

Payments Towards HBL Loan:

The company has made a payment of Rs. 13.5 million towards the compromised settled liability of HBL loan after the balance sheet date.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorized for issue by the Board of Directors of the company in its meeting held on October 05, 2016.

48 CORRESPONDING FIGURES

- Figures have been rounded off to the nearest Rupee,
- Corresponding figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison.
- The company is of the view that as per circular no. 14 2016 dated April 21, 2016 issued by the Securities Commission of Pakistan relating to "All Shares Islamic Index" needs not be separately disclosed, as there are no any component fall on All shares Islamic Index as at the reporting date.

MIAN MUHAMMAD JEHangIR
Chief Executive

MIAN WAHEED AHMED
Director



PROXY FORM
(30th ANNUAL GENERAL MEETING)

I/We _____ son/daughter/wife
of _____ of _____ being member (s) of
MIAN TEXTILE INDUSTRIES LTD, holder of _____ ordinary shares of
the Company, under Folio No./Participant's ID/CDC sub account No. _____ hereby appoint
_____ of _____ failing him/her _____ of
_____ who is/are member(s) of MIAN TEXTILE INDUSTRIES LTD. under
Folio No./Participant's ID/CDC sub account No. _____ respectively, as my/our proxy in my/our absence
to attend and vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to
be held on October 31, 2016 and/or any adjournment thereof.

As witness my/our hand this _____ day of October, 2016.

Signed in the presence of;

Witness _____

Name _____

Occupation _____

Address _____

Signature of
Shareholder (s) on
revenue stamp
worth Rupees 5/-

The signature should agree with the
specimen registered with the Company.

IMPORTANT:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, 29-B/7 Model Town, Lahore. Not less than 48 hours before the time of holding the meeting.
2. No person shall act as Proxy unless he/she is a member of the Company, except that a Corporation/Company may appoint a person who is not a member.
3. If a member appoints more than one Proxy and more than one instruments of Proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. In case of Proxy for an individual beneficial Owner of CDC, attested copies of beneficial Owner's NIC or passport, Account and Participant's I.D. Nos. must be deposited along with the Form of Proxy. In case proxy for corporate member, he/she should bring the usual documents required of such purpose.
5. Shareholders are requested to notify change in their address, if any.