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Annual Report 2010

HAJRA TEXTILE MILLS LIMITED

بسم الله الرحمن الرحيم

CONTENTS

COMPANY PROFILE

BOARD OF DIRECTORS:

Mr. Noor Ellahi	Chairman
Mr. Ahmed Ellahi	
Mr. M. Hassan Ellahi	
Mr. Muhammad Asim	
Mr. Muhammad Shafiq Bhatti	
Mr. Rana Muhammad Saeed	
Mr. Shahid Aziz	(Nominee N.I.T.)

MANAGING DIRECTORS (Chief Executive)

Mr. Noor Ellahi

AUDIT COMMITTEE

Mr. Noor Ellahi	Chairman
Mr. M. Hassan Ellahi	Member
Mr. Rana Muhammad Saeed	Member

CHIEF FINANCIAL OFFICER (CFO)

Mr. Ahmed Ellahi

COMPANY SECRETARY:

Mr. Ahmed Ellahi

AUDITORS:

Munaf Yusuf & Co.
Chartered Accountants, Karachi

BANKERS:

Allied Bank of Pakistan Limited
The Bank of Punjab
SilkBank Limited
(Formerly Saudi Pak Commercial Bank Limited)

REGISTRAR AND SHARE TRANSFER OFFICE:

M/s. Corplink (Pvt) Limited
Wings Arcade, 1-k Commercial Model Town
Lahore. Tele: # (042) 35839182

REGISTERED OFFICE:

45-50 Industrial Area ,
Gulberg– III, Lahore.
Tel: (042) 35756181– 35756183
Fax: (042) 35756194– 35759466

MILLS:

Jhamke Macheke
8-9 KM Sheikhupura, Sargodha Road,
Sheikhupura.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 31st **Annual General Meeting** of the shareholders of Hajra Textile Mills Limited will be held at the Company's Registered Office, 45-50 Industrial Area, Gulberg III, Lahore on Saturday October 30, 2010 at 10:30 AM to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on October 31, 2009.

2. To receive, approve and adopt the Audited Financial Statements together with Directors' Report and Auditors' Report thereon for the financial year ended June 30, 2010.

3. To appoint Auditors of the Company for the financial year 2010-2011 and to fix their remuneration. The retiring Auditors M/s Munaf Yusuf & Company, Chartered Accountants, Karachi being eligible, have offered themselves for re-appointment.

4. To consider any other business which may be placed before the meeting with the permission of the Chair.

Noor Ellahi
Chief Executive

Lahore
Dated: October 08, 2010

NOTES:

1. A member eligible to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. The Share Transfer Books of the Company shall remain closed from November 01, 2010 to November 08, 2010 (both days inclusive).

3. Members are requested to promptly notify any change(s) in their registered addresses to the Company's Share Registrar **M/s Corplink (Pvt) Limited**, 1-K, Model Town, Lahore.

4. Shareholders whose shares are deposited with Central Depository Company (CDC) or their proxies are requested to bring their original Computerized National Identity Card (CNIC) or Passport alongwith the participant's ID No. and their Bank Account No. at the time of attending the Annual General Meeting for the purpose of verification.

Vision Statement

To attain a leadership position in the textile sector in Pakistan through commitment, integrity, honesty and team work.

Mission Statement

The Company will conduct its operations prudently assuring customers satisfaction and to provide profits as well as growth to its shareholders through:

- Acquiring sophisticated technology by continuous balancing, modernization and replacement (BMR) of plant and machinery.
- Manufacturing of cotton and blended yarn in accordance with the customer's requirement and market demand.
- Providing quality products to our customers mainly engaged in the manufacturing of textile products.
- Striving hard to develop new markets for the sale of our products.
- Enhancing the profitability of the mills by improved efficiency and cost controls ensuring a fair return to the investors, shareholders and employees of the Company.
- Marketing comprehensive arrangements for the training of our workers as well as technicians and providing them good working conditions.
- Protecting the environment and contributing towards the economic growth of the country as a good corporate citizen.

Statement of Ethics and Business Practices

We believe a complete code of ethics is a pre-requisite for all professionals involved in the day-to-day functioning of Hajra Textile Mills Limited. Our aim is to have highest standard of excellence for the product and the betterment for all those involved directly with our Company, provide a stimulation and challenging team oriented work environment which encourages, develops and rewards excellence and diligently serving our communities with integrity and pride.

Key Operating And Financial Data

	2010	2009	2008	2007	2006	2005	2004	2003
Operating Analysis				**Rupees in Million**				
Sales	1,008	776	663	507	624	495	750	639
Gross Profit / (loss)	15	(6)	(2)	(47)	2	1	14	1
Profit / (loss) before taxation	(27)	(79)	(43)	(69)	30	(19)	(15)	(31)
Taxation	2	(5)	(2)	(2)	(4)	(6)	(2)	24
Profit / (loss) after taxation	(25)	(84)	(45)	(71)	26	(13)	(13)	(55)
Balance Sheet Analysis								
Total Assets	705	718	680	593	590	570	533	463
Current Liabilities	300	319	231	199	157	196	190	144
	405	399	449	394	433	374	343	319
Presented by:								
Issued, subscribed and paid up capital	138	138	138	138	138	69	69	69
Capital reserve premium on issue of shares	10	10	10	10	10	10	10	10
General reserve	1	1	1	1	1	1	1	1
Director's Loan	339	322	315	315	273	125	77	55
Surplus on revaluation of fixed assets	88	92	96	97	101	106	109	117
Accumulated loss	(410)	(389)	(309)	(267)	(200)	(231)	(220)	(216)
Equity	166	174	251	294	323	80	46	36
Long Term Loans and Leases	170	149	15	25	35	220	218	193
Deferred Liability	69	76	183	75	75	74	79	90
	405	399	449	394	433	374	343	319
Financial Analysis								
Gross Profit/(loss) to Sales %age	1.46	(0.79)	(0.003)	(0.090)	0.28	0.28	1.88	0.20
(Loss) / Profit before tax to Sales %age	(2.70)	(10.18)	(0.065)	(0.136)	4.78	(3.89)	(1.98)	(4.82)
(Loss) / Profit after tax to Sales %age	(2.48)	(10.85)	(0.068)	(0.140)	4.21	(2.69)	(1.69)	(8.59)
Current Ratio	0.66	0.60	0.61	0.80	0.89	0.75	0.82	0.79
Debt Equity Ratio	1.02	1.29	0.78	0.13	0.16	2.75	4.74	5.36

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of stock exchanges in Pakistan 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 Code in the following manner:

1. The company encourages the representation of non-executive directors on its Board of Directors. At present the Board of Directors includes three non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.

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

4. Casual vacancy occurred and filled in the Board during the year.

5. The company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the company.

6. The Board has developed a vision/mission statement. Overall corporate strategy and significant policies of the company are under process of approval.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and fixation of remuneration and terms and conditions of employment of CEO and other executive directors, have been taken by the Board.

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

9. The Chief Executive recommends that members of the Board should approach him, should they feel any necessity to conduct other orientation courses in this regard.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statement of the company were duly endorsed by CEO and CFO before approval of Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises three members of whom two are non-executive directors. The Chairman of the Board chairs the Audit Committee as well.

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

17. The Board has set up an effective internal audit function.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, 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 the code of ethics as adopted by the institute of Chartered Accountants of Pakistan.

19. The statutory auditors of 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.

20. We confirm that all other material principles contained in the Code have been substantially complied with.

For and on behalf of
The Board of Directors

Lahore
Dated: October 08, 2010

Noor Ellahi
Chief Executive

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

We have reviewed the Statement of Compliance (the statement) with the best practices contained in the code of Corporate Governance (the code) prepared by the Board of Directors of Hajra Textile Mills Limited comply to the Listing Regulation No 35 of the Karachi and Lahore Stock Exchanges respectively where the company is listed.

The responsibility for compliance with code is that of the Board of the Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement reflects the status of the company's compliance with the provisions of the code and report if it does not. 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 a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the board's statement on internal control cover all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, sub-regulation (xiii a) of Listing regulation No 35 notified by Karachi and Lahore Stock Exchanges require the company to place before the board for their consideration and approval related party transaction 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the statement does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the code, as applicable to the company for the year ended 30 June 2010.

CHARTERED ACCOUNTANTS
Karachi: 8 October 2010

DIRECTOR'S REPORT TO THE MEMBERS

The Directors of **Hajra Textile Mills Limited** welcome the members to the 31st Annual General Meeting of the Company and are pleased to place before you the Audited Financial Statements and Annual Report for the year ended June 30, 2010.

YEAR UNDER REVIEW

During the year under review, your Company incurred a net loss before tax of Rs. 27.193 million as compared to Rs.79.028 million in the previous financial year. This financial year is comparatively better than previous financial year as your Company has earned gross profit of Rs. 14.731 million as compared to gross loss of Rs.6.103 and also earned operating profit of Rs.0.442 as compared to operating loss of Rs.24.840 in the correspoding financial year.

The turnover of your Company during the year increased by Rs.231.490 million (29.83%) to Rs.1,007.563 million from Rs.776.073 million in the previous financial year due to increase in production and higher market rates. But on the other hand, market rates of raw materials specially cotton increased substantially during December, 2009 to June, 2010 and your Company was unable to procure cotton due to shortage of Working Capital Lines from Commercial Banks.

During the year, production increased by 1.540 million kgs (34.59%) to 5.992 million kgs from 4.452 million kgs in the previous financial year due to the endeavered struggle of the management and the management has planned to run the mills on full capacity during the next financial year if the government takes necessary steps to control the load shedding of electricity,sui gas and law and order situation in the country. Despite the adverse situation, the management made sincere efforts to minimise financial losses.

Financial and Operating Results

	2010 Rupees	2009 Rupees
Operating Profit / (Loss	442,006	(24,840,217)
Finance cost	(27,226,184)	(35,018,911)
Other operating charges	(408,669)	(19,169,204)
Loss before Taxation	(27,192,847)	(79,028,332)
Taxation	2,174,011	(5,140,528)
Loss after Taxation	(25,018,836)	(84,168,860)
Accumulative loss brought forward	(389,054,328)	(308,567,245)
	(414,073,164)	(392,736,105)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year / period - net of of deferred tax	4,408,045	3,681,777
Accumulative Loss Transferred to Balance Sheet	(409,665,119)	(389,054,328)

EARNING PER SHARE

Earning per share for the year under review is Rs.(1.82)

DIVIDEND

No dividend has been declared by the Company during the year due to heavy losses.

GRATUITY FUND

The Company operates an unfunded scheme for all its permanent employees.

CORPORATE GOVERNANCE

As required by the Code of Corporate governance, the Directors of the Company are pleased to report that:

a) The financial statements prepared by the management of the Company present fairly its true state of affairs, the results of its operations, cash flow and changes in equity.

b) Proper books of account have been maintained by the Company.

c) Appropriate accountng policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.

d) International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and departure therefrom has been adequately disclosed.

e) The internal control system of the Company is sound in design and has been effectively implemented and monitered. The process of review will continue and any weakness in control will be removed.

f) Based on accumulated losses and current ratio which is below the desirable ratio, the auditors have included an emphasis of matter paragraph on their report on Company's ability to continue as a going concern. However, any adjustment relating to the recoverability of recorded assets and settlement of recorded liabilities have not been incorporated in these accounts as the management expects continuous support from its lenders and sponsoring directors in the foreseeable future.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of the Stock Exchanges.

h) Pattern of shareholding and additional information is annexed.

i) None of the Directors, CEO, CFO, Company Secretary and their spouses and minor children have traded in the shares of the Company during the year.

j) The role of Chairman and Chief Executive is separate and has been clearly defined.

BOARD MEETINGS

The number of board meetings held during the year were four. The attendance of the Directors are as under:

Name of director	Attendance
Mr. Noor Ellahi	4
Mr. Ahmed Ellahi	4
Mr. Hassan Ellahi	2
Mr. Salman Yaqoob Sheikh (Resigned on 31.10.2009)	1
Mr. Muhammad Asim (Appointed on 31.10.2009)	3
Mr. Muhammad Shafique Bhatti	4
Rana Muhammad Saeed	4
Mr. Shahid Aziz - NIT Nominee	4

Leave was granted to the members of the Board who were unable to attend the meeting.

AUDIT COMMITTEE

Audit Committee is comprising of the following members:

Mr. Noor Ellahi	Chairman
Mr. Muhammad Hassan Ellahi	Member
Rana Muhammad Saeed	Member

PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed.

KEY OPERATING AND FINANCIAL DATA

Operating and financial data with key ratios for the last seven years is annexed.

TRADING IN THE SHARES OF THE COMPANY

No purchase / sale of shares was made by the Chief Executive Officer (CEO), Directors, Chief Financial Officer (CFO) AND Company Secretary and their spouses and minor children during the year under review.

Officer (CFO) and Company Secretary and their spouses and minor children during the year under review.

FUTURE PROSPECTS

The present government has failed to take timely measures to control the inflation growing day by day. The law and order situation of the country is also being worsed. The prices of electricity and sui gas are also rising continuously. Recent flood situation has destroyed the standing crops of various items specially of cotton. The cotton price is more than Rs. 7,000 per maund and if this trend continues, it will be difficult to run the mills in future. Loadshedding of sui gas has also started before winter season due to which the cost of production will rise.

If the government does not take bold steps to control the inflation, improve the law and order situation prevailing in the country, to initiate the construction of new dams and purchase the electricity from Iran / China to meet the demand of elctricity, to imort or permit the private sector to import cotton to meet the shortage in the country during the year, the textile industry will be completely paralysed.

Your directors injected more than Rs.17.0 million in tne Company during the year to recoup the liquidity position of the Company and are making sincere efforts to make the Company financially viable, a profit earning unit and removing the doubt of a going concern.

CHANGES IN THE BOARD

Mr. Salman Yaqub Sheikh resigned from the office of Directorship and Mr. Muhammad Asim appointed as director in his place on 30.10.2009.

APPOINTMENT OF AUDITORS

The Company's Auditors' M/s Munaf Yusuf & Co. Chartered Accountants retire and offer themselves for re-appointment for the next financial year.

ACKNOWLEDGEMENT

We would like to take this opportunity to express our appreciation to the management and employees of the Company for their hard work, dedication and commitment to high level of working environment. We would like to take opportunity to express our gratitude to the valued shareholders, customers and financial institutions for extending their co-operation.

For and on behalf of
Board of Directors

Lahore
Dated: October 08, 2010.

NOOR ELLAHI
Chief Executive

AUDITORS' REPORT TO MEMBERS

We have audited the annexed balance sheet of HAJRA TEXTILE MILLS LIMITED as at 30 June 2010 and the related profit and loss account, 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) Insurance claim receivable - Rs 115.659 million (note 24.1) and suit filed for recovery against the insurance company in the Insurance Tribunal, Lahore remained unconfirmed;

b) The company has not derecognized the fixed assets by the estimated loss value of the damage occurred by the fire incident in the preceding year and consequently the entire amount of insurance claim receivable against such loss has been treated as reserve for the restoration of damaged property (note 11.2). Had this loss been estimated and recognized, the carrying value of fixed assets and the said reserve as at the balance sheet date would have been lower by such amount;

c) The amount of mark-up charged by Bank of Punjab (BOP) and the outstanding balances at the year-end and other terms and conditions of the bank borrowings from BOP and Silk Bank Limited and the suits filed by the company against the aforesaid banks remained unconfirmed;

d) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

e) 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;

i) 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

f) In our opinion and to the best of our information and according to the explanations given to us and except for the effect of our observations in paragraphs (a) to (c) above and the contents of note 11.1, 11.3 and 17.3, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2010 and of the loss, cash flows and changes in equity for the year then ended; and

g) In our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980;

h) Without qualifying our opinion, attention of the members' is drawn towards the fact that the financial statements of the company have been prepared on a going concern assumption (for reasons stated in note 1.2 of the financial statements) although the company has incurred a net loss of Rs 25.018 million during the year, it has accumulated losses of Rs 409.665 million and its current liabilities exceed its current assets by Rs 103.394 million as at balance sheet date. These conditions however, indicate the existence of material uncertainty, which casts significant doubt about the company's ability to continue as a going concern and that this concept shall remain valid subject only to the factors mentioned in the said note

CHARTERED ACCOUNTANTS
Engagement partner: Abdul Munaf Yusuf FCA
Karachi: 8 October 2010

BALANCE SHEET AS

	Note	2010 Rupees	2009 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
14,000,000 (2009: 14,000,000) ordinary shares of Rs.10 each		140,000,000	140,000,000
Issued, subscribed and paid up capital	4	137,500,000	137,500,000
Reserves	5	11,362,500	11,362,500
Accumulated loss		(409,665,119)	(389,054,328)
		(260,802,619)	(240,191,828)
Surplus on Revaluation of Property, Plant and Equipment	6	87,740,813	92,148,858
Non Current Liabilities			
Long term financing	7	161,509,450	158,593,450
Loan from related parties	8	339,448,399	321,649,399
Liabilities against assets subject to finance lease	9	8,232,452	10,011,684
Deferred liabilities	10	68,831,549	76,369,318
		578,021,850	566,623,851
Current Liabilities			
Trade and other payables	11	100,720,380	126,932,772
Accrued mark-up on borrowings	12	54,028,955	27,545,837
Shot term borrowings	13	127,339,236	129,074,415
Over due and current portion of non current liabilities	14	5,056,886	6,308,134
Provision for taxation	15	12,705,046	9,972,794
		299,850,503	299,833,952
Contingencies and Commitments	16	-	-
		704,810,547	718,414,833

The annexed notes form an integral part of these financial statements

NOOR ELLAHI
Chief Executive

AT JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	17	504,800,501	522,409,181
Long term investments	18	1,918	2,387
Long term deposits	19	3,551,243	3,550,693
		508,353,662	525,962,261
Current Assets			
Stores and spares	20	21,083,394	19,579,192
Stock-in-trade	21	22,133,778	31,235,916
Trade debts	22	6,385,287	4,963,697
Loans and advances	23	24,948,420	17,763,524
Trade deposits, short term prepayments and other receivables	24	120,906,200	117,776,415
Cash and bank balances	25	999,806	1,133,828
		196,456,885	192,452,572
		704,810,547	718,414,833

AHMED ELLAHI
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees
Sales - Net	26	1,007,562,632	776,073,080
Cost of Sales	27	(992,831,811)	(782,176,340)
Gross Profit / (Loss)		14,730,821	(6,103,260)
Operating Expenses:			
- Selling and distribution expenses	28	(3,247,156)	(6,083,896)
- Administrative expenses	29	(11,041,659)	(12,653,061)
		(14,288,815)	(18,736,957)
Operating Profit / (Loss)		442,006	(24,840,217)
Finance cost	30	(27,226,184)	(35,018,911)
Other operating charges	31	(408,669)	(19,169,204)
		(27,634,853)	(54,188,115)
Loss before Taxation		(27,192,847)	(79,028,332)
Taxation	32	2,174,011	(5,140,528)
Loss after Taxation		(25,018,836)	(84,168,860)
Earning per Share - Basic	33	(1.82)	(6.12)

The annexed notes form an integral part of these financial statements

NOOR ELLAHI
Chief Executive

AHMED ELLAHI
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010

	2010 Rupees	2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss Before taxation	(27,192,847)	(79,028,332)
Adjustments for:		
- Depreciation	22,159,580	22,613,448
- Exchange loss	-	18,781,159
- Provision for gratuity	697,137	1,185,481
- Deficit on revaluation of long term investment	469	1,113
- Finance cost	27,226,184	35,018,911
	50,083,370	77,600,112
Operating profit before working capital changes	22,890,523	(1,428,220)
(Increase)/decrease in current assets		
- Stores and spares	(1,504,202)	(591,134)
- Stock in trade	9,102,138	55,460,116
- Trade debts	(1,421,590)	1,347,782
- Loans and advances	(7,184,896)	
- Advances, deposits, prepayments and other receivables	(3,129,785)	(119,584,089)
Increase/(decrease) in current liabilities		
- Creditors, accrued and other liabilities	(26,212,392)	37,192,636
	(30,350,727)	(26,174,689)
Cash used in Operations	(7,460,204)	(27,602,909)
Income tax paid	(2,315,493)	(1,901,417)
Gratuity paid	(1,013,150)	(1,124,684)
Financial charges paid	(743,066)	(11,717,271)
	(4,071,709)	(14,743,372)
Net Cash used in Operating Activities	(11,531,913)	(42,346,281)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(4,550,900)	(40,000)
Long term deposits	-	(1,144,500)
Net Cash used in Investing Activities	(4,550,900)	(1,184,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	-	(7,794,196)
Loan from directors and related parties	17,799,000	5,990,000
Liabilities against assets subject to finance lease	(115,030)	(377,832)
Short term borrowings	(1,735,179)	42,563,638
	15,948,791	40,381,610
Net Cash used in Financing Activities	(134,022)	(3,149,171)
Cash and cash equivalents at the beginning of the year	1,133,828	4,282,999
Cash and Cash Equivalents at the End of the Year	999,806	1,133,828

NOOR ELLAHI
Chief Executive

AHMED ELLAHI
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2010

	Share Capital	Reserves		Accumulated Loss	Total
		Capital Reserve	Revenue Reserve		
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2008	137,500,000	10,312,500	1,050,000	(308,567,245)	(159,704,745)
Net loss for the year	-	-	-	(84,168,860)	(84,168,860)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	-	-	3,681,777	3,681,777
Balance as at June 30, 2009	137,500,000	10,312,500	1,050,000	(389,054,328)	(240,191,828)
Net loss for the year	-	-	-	(25,018,836)	(25,018,836)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	-	-	4,408,045	4,408,045
Balance as at June 30, 2010	137,500,000	10,312,500	1,050,000	(409,665,119)	(260,802,619)

NOOR ELLAHI
Chief Executive

AHMED ELLAHI
Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 1

The Company and its Operations

1.1 Hajra Textile Mills Limited was incorporated in Pakistan as a Public Limited Company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 45-50 Industrial Area, Gulberg III, Lahore. The principal activity of the Company is manufacturing, selling, buying and dealing in all types of textile yarn.

1.2 The management believes that with the continued support of its sponsoring directors, the going concern assumption used in the preparation of financial statements is valid without considering any adjustment relating to the recoverability of recorded assets and settlement of liabilities

Note 2

Basis of Preparation

2.1 **Statement of compliance**

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

2.2 **Basis of Preparation**

These financial statements have been prepared under the historical cost convention except for certain property, plant and equipment that have been included at revalued amounts, certain 'financial assets at fair value through profit and loss' which have been recognized at fair value and recognition of staff retirement benefits at present value.

2.3 **Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the year in which such revisions are made.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for doubtful receivables, obsolescence of inventory, slow moving inventory and taxation. However, management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

IAS 1 (Revised) - Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income which is the change in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. The revised standard requires an entity to opt for presenting such transactions either in a single statement of comprehensive income or in an income statement and a separate statement of comprehensive statement. There are no items of other comprehensive income, therefore there is no impact on the company's financial statements.

Amendment to IFRS 7 - Improving Disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009) introduces a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements. Further, the definition of liquidity risk has been amended. These amendments have resulted in increase in certain disclosures as given in note 36 .

IFRS 8 - Operating Segments (effective for annual periods beginning on or after 1 January 2009) requires an entity to determine and present segment information on the same basis as that for internal reporting purposes. The Company has no reporting segments under IFRS 8. However, certain disclosures as required under IFRS 8 have been included in note 26.

Revised IAS 23 - Borrowing Costs (effective for annual periods beginning on or after 1 January 2009) requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for its intended use or sale) as part of the cost of the asset. The option to expense borrowing costs has been removed. Further, the definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method as defined in IAS 39 - Financial instruments: recognition and measurement. The Company's accounting policy is in compliance with IAS 23 (Amendment) and therefore, there will be no effect on the financial statements.

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 1 July 2009 are considered not to be relevant or to have any significant effect on the company's operations and are therefore not disclosed in these financial statements

Comparative information has been re-presented so that it is in conformity with the revised / new standards. Since the changes in accounting policies only affect the presentation and disclosure requirements, there is no impact on earning per share.

Standards, Interpretations and Amendments not yet effective

The following standards, interpretations and amendments to approved accounting standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 July 2010:

Amendments in IFRS 8 - Operating segments	1 January 2010
Amendments in IAS 17 - Leases	1 January 2010
Amendments in IFRS 2 - Share based payment	1 January 2010
Amendments in IAS 32 - Financial instruments :	1 February 2010
IFRIC 19 - Extinguishing financial liabilities with equity instruments	1 July 2010
Amendments in IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011
IAS 24 (revised 2009) - Related party disclosure	1 January 2011

Note 3
Significant Accounting Policies

3.1 **Staff retirement benefits**

The company operates an unfunded gratuity scheme covering all its permanent employees with one or more years of service with the company. Provision for gratuity has been made to cover obligation under the scheme in respect of employees who have completed the minimum qualifying period. Contributions to the scheme are based on actuarial recommendations. The latest actuarial valuation was conducted as at 30 June 2010 using the Projected Unit Credit Method. Recognition of actuarial gains & losses is based on the 'minimum 10% corridor' approach as allowed under the relevant provision of IAS 19 - Employee Benefits.

3.2 **Taxation**

Current

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or in accordance with the final tax regime, where applicable, of the Income Tax Ordinance, 2001 or the minimum tax u/s 113, whichever is higher

Deferred

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

3.3 **Trade and other payables**

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

3.4 **Provisions**

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event that requires an outflow of economic benefits to settle the obligation and a reliable estimate of the amount can be made.

3.5 **Property, plant and equipment**

Owned

Property, plant and equipment are stated at cost / revalued amount less accumulated depreciation and identified impairment loss except freehold land, which is stated at revalued amount. Cost of property, plant and equipment comprises historical cost / revalued amount, mark-up pertaining to the erection / construction period and other directly attributable costs incurred to bring assets to their working condition.

Depreciation on operating property, plant and equipment has been provided for using the reducing balance method at rates specified in Note 17, applied on a monthly basis. Depreciation on additions is charged from the month the asset is available for use and on disposals up to the month the asset is in use.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of property, plant and equipment is shown in the profit and loss account.

Leased

Assets held under finance lease are initially recorded at the lower of present value of minimum lease payments under the lease agreement and the fair value of such assets. The related obligations under the lease, net of financial charges allocated to future periods, are shown as a liability. Finance costs are allocated to the accounting period in a manner so as to provide a constant periodic rate of interest on the outstanding liability. Depreciation is charged on leased assets on a basis similar to that of owned assets.

Capital work-in-progress

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

3.6 **Impairment**

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

3.7 **Financial assets**

The Company classifies its financial assets in the following categories:

a. Available-for-sale

Securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or charged in the interest rates, are classified as available for sale

Available for sale investments are initially recognized at fair value are plus transaction cost and subsequently recognized at fair value

Gains and losses arising from changes in fair value are recognized in other comprehensive income

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value plus directly attributable transaction costs. After initial measurement, they are measured at amortized cost. Loans and receivables comprise of trade debts, advances, deposits, other receivables and cash and bank balances in the balance sheet

3.8 **Stores, spares and stock in trade**

These are valued at lower of cost and net realizable value. Cost is determined using the following basis:

Stores and spares	- at moving average cost
Raw materials	- at average cost
Work in process	- at average raw material cost plus proportion of manufacturing cost
Finished goods	- lower of cost and net realizable value
Wastes	- at net realizable value

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

3.9 Trade debts

All outstanding debts are reviewed at the balance sheet date. The Company recognizes and carries these debts at original invoice amount less an allowance for uncollectible amounts, if any. Bad debts are written off as incurred and provision is made against debts considered doubtful when the collection of the full amount is no longer probable.

3.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, cheques in hand and deposits with banks.

3.11 Foreign currency transaction and translation

Assets and liabilities in foreign currency are stated in Pak Rupees at the rate of exchange ruling on the balance sheet date or rate of exchange fixed under contractual agreements. Transactions in foreign currency are translated at the exchange rate prevailing on the date of the transaction, All exchange differences are included in the profit and loss account.

3.12 Mark-up, interest and other charges

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those that take a substantial period of time to get ready for their intended use) are capitalized as part of the cost of the relevant asset. All other borrowing costs are charged to income in the period in which they are incurred.

3.13 Revenue recognition

- Local sales are recorded on dispatch of goods to customers.

-Dividend on equity investments is recognized as income when the right to receive the dividend is established.

-Profit on bank deposits is recognized on a time proportion basis that takes into account the effective yield on deposits.

3.14 Financial instruments

Financial assets and liabilities are recognized in the financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized at the time when the Company transfers substantially all the risks and rewards of ownership of the financial asset. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets, the financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are de-recognized at the time when the obligation specified in the contract is discharged.

3.15 Off-setting of financial assets and financial liabilities

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

3.16 Functional and presentation currency

These financial statements have been prepared and presented in Pak Rupees which is the Company's functional and presentation currency.

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3.17 **Related party transactions**

Transactions with related parties are made at arm's length prices using comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

3.18 **Dividends**

Dividends are treated as appropriation during the period in which these are declared.

Note 4
Issued, Subscribed and Paid-up Capital

	2010 Rupees	2009 Rupees
11,450,000 (2009: 11,450,000) ordinary shares of Rs.10 each fully paid in cash	114,500,000	114,500,000
2,300,000 (2009: 2,300,000) ordinary shares of Rs.10 each fully paid bonus shares	23,000,000	23,000,000
	137,500,000	137,500,000

Note 5
Reserves

	2010 Rupees	2009 Rupees
Capital reserves		
Share premium reserve 1,375,000 (2009: 1,375.000 right shares issued at a premium of Rs.7.50 per share	10,312,500	10,312,500
Revenue reserves		
General reserve	1,050,000	1,050,000
	11,362,500	11,362,500

Note 6
Surplus on Revaluation of Property, Plant and Equipment

Land - freehold	6,690,808	6,690,808
Building on freehold land	5,460,647	5,809,199
Plant and machinery	79,997,403	83,330,628
	92,148,858	95,830,635
Less: Transfer to unappropriated profit in respect of Incremental depreciation charged on revalued property, plant and equipment in current year - net of deferred tax	(4,408,045)	(3,681,777)
	87,740,813	92,148,858

6.1 The incremental depreciation charged on revalued property, plant and equipment during the year has been transferred to retained earnings / (accumulated loss) to record realization of surplus to the extent of incremental depreciation to comply with the requirements of Section 235 of the Companies Ordinance, 1984 and further notification No. SRO 45(1) / 2003 of the SECP dated January 13, 2003.

6.2 Revaluation was carried out by M/s Hamid Mukhtar and Company, Valuers and Surveyors as at September 30, 1995 and certified by an independent firm of Chartered Accountants. Following basis were used for revaluation:

Land	Market value
Building	Depreciated market value
Plant and machinery	Depreciated market value

Note 7

Long Term Financing

		2010 Rupees	2009 Rupees
Loan from banking companies - Secured			
Bank of Punjab			
- Demand finance I	7.1	1,979,569	1,979,569
- Demand finance II	7.2	96,527,132	96,527,132
- Forced PAD account	7.4	46,016,318	46,016,318
		144,523,019	144,523,019
Silk Bank Limited			
- SBP LTF-EOP loan	7.5	18,966,000	18,966,000
		163,489,019	163,489,019
Less: Current and overdue portion		(1,979,569)	(4,895,569)
		161,509,450	158,593,450

7.1 This principal loan of Rs. 25.0 million has been sanctioned by Bank of Punjab for the import of plant and machinery on the following terms and conditions:

a) The loan is secured by way of exclusive hypothecation charge on 18 complete sets of ring spinning frames with all standard accessories and essential parts as per performa invoice

b) Markup is charged @ 3 months KIBOR rate plus 300 bps with a floor rate of 10% to be recovered quarterly with effect from October 11, 2003

c) The loan is repayable in 18 quarterly installments commencing from July 11, 2004

7.2 This represents the creation of Demand Finance II through retirement of foreign exchange letters of credit opened by the Bank of Punjab in the year 2007-08. This demand finance carries mark up at average 3 months KIBOR plus 3.5% per annum with a floor of 10% per annum and repayment period is 5 years from the date of its creation in 20 equal quarterly installments.

The Demand Finance II is sanctioned for an amount of Rs.94.50 million and is secured by way of first charge over Company's both present and future fixed assets with 25% margin of Rs.126.00 million already registered with SECP and through personal guarantees of sponsoring directors of the Company.

A repayment Schedule has not been formally provided by the Bank in respect of Demand Finance II, due to internal processing delays, and until the formal creation of demand finance as per terms of its facility offer letter, the Bank has unlawfully parked these amounts in a forced demand amount carrying excessive mark up of approximately at the rate of KIBOR + 5.0% per annum and the same has been included in the grounds for a suit for damages as mentioned in Note 7 below.

7.3 The Bank has served a legal notice for the recovery of its dues with the warning that the mortgaged property may be sold of this notice has been challenged by the company through a unit position in Lahore High Court. The Honorable High Court has declared that the course of action adopted by the Bank as ultra vires of the applicable law and has barred the Bank from taking any step towards auction of mortgaged property.

7.4 This represents the additional liability on foreign exchange letters of credit, and was occasioned on account of upward fluctuation of foreign exchange rates since the booking of original liability. The Bank has retired both the original liability as well as this additional liability on the respective dates of maturities, and has created a forced PAD account for the amounts paid for the additional component. The Bank has been requested to enhance the sanctioned limit of demand finance facility by such an amount so as to cover these foreign exchange losses.

The approval of this request is still pending before the competent authorities of the Bank and management expects that these foreign exchange differences will formally be financed by the Bank in the previous by following the same terms as applicable for principal liability and it is pertinent to mention here that a group company of the same Bank viz First Punjab Modaraba, has given approval for financing of foreign exchange losses . However, until such approval, the amount has been parked by the bank in forced demand account carrying mark up of approximately 3 months KIBOR plus 5% per annum. This practice is unlawful, and the Company has protested this practice in its suit for damages against the bank as mentioned in Note 7.6 below.

7.5 This principal loan of Rs.35.00 million was sanctioned by Silk Bank Limited for import of power generation plant. On January 06, 2007 the outstanding balance of Rs.30.63 million was swapped under SBP LTF - EOP Scheme on the following terms and conditions:

a) The loan is secured by way of first exclusive change on power generation plant imported through Silk Bank Limited for Rs.70.0 million and first pari passu charge of Rs.65.0 million on current assets of the Company.

b) Mark up is charged at SBP's reference rate plus 2% per annum.

c) The loan is repayable in 18 equal quarterly installments commencing from March, 2007.

7.6 In the current year, the Company has filed a suit against both Bank of Punjab and Silk Bank in the Lahore High Court for the claim of damages against the banks for non-fulfillment of their contractual obligations under various financing facilities.

Note 8

Loan From Related Parties

	2010 Rupees	2009 Rupees
Loan from directors and related persons - unsecured	339,448,399	321,649,399

This represents funds provided by the directors and related persons from time to time to meet the working capital requirements of the Company. During the year, the sponsoring directors and related persons have injected an interest free loan of Rs.17.799 million (2009: Rs. 5.990 million). An amount of Rs. 283.016 million (2009: Rs. 283.016 million) from such loans has been subordinated to the Bank of Punjab. In respect of sub-ordinated loans, the Company is barred from returning it back to the directors before a minimum period of 5 years and further subject to the approval of the Bank of Punjab. These loans are made interest free and repayment tenure has not been settled.

The conversion of directors' loan into paid up capital of the Company without issuing right shares for Rs.300.0 million, as sanctioned by the general body of shareholders at AGM held on October 31, 2008, has been deferred for the time being under intimation to the relevant authorities.

Note 9

Liabilities Against Assets Subject to Finance Lease

	2010 Rupees	**2009** Rupees
Present value of minimum lease payments	11,309,769	11,424,249
Current maturity and over due shown under current liabilities	(3,077,317)	(1,412,565)
	8,232,452	10,011,684

This represents finance lease arrangements with various financial institutions for plant and machinery. These liabilities are repayable by May, 2014 in equal monthly installments. Monthly lease rentals include financial charges of, approximately, six months KIBOR plus 3% per annum with a floor of 12.5% per annum used as discounting factor. Taxes, repairs, replacements and insurance costs are borne by he Company.

The leases are secured against cash deposits of Rs.2.25 million, leased assets valuing Rs.10.03 million and personal guarantees of the sponsoring directors. The security deposit shall be adjusted against the residual value alongwith the last installment as the management intends to retain the leased assets at expiry of the lease term.

The amount of future lease rentals and the financial years in which they shall become due are:

	2010	2009
June 30, 2010	-	2,860,186
June 30, 2011	2,969,496	3,031,752
June 30, 2012	2,969,496	3,031,752
June 30, 2013	2,554,991	2,614,902
June 30, 2014	1,974,684	1,862,012
	10,468,667	13,400,604
Add: Over due installment	1,284,078	-
	11,752,745	13,400,604
Security deposits	2,250,393	2,249,843
	14,003,138	15,650,447
Financial charges allocated to future periods	(2,693,369)	(4,226,198)
	11,309,769	11,424,249

Note 10

Deferred Liabilities

	Note	2010 Rupees	2009 Rupees
Deferred tax	10.1	67,148,262	74,370,018
Gratuity payable	10.2	1,683,287	1,999,300
		68,831,549	76,369,318

10.1 **Deferred tax - Net**

	2010	2009
Credit / (debit) balance arising in respect of:		
Accelerated tax depreciation	84,995,751	66,796,595
Surplus on revaluation of fixed assets	47,245,053	48,357,656
Recognized losses	(64,855,038)	(40,084,478)
Staff retirement benefits and others	(237,504)	(699,755)
	67,148,262	74,370,018

10.2 **Defined benefit plan - Gratuity**

Company's liability

	2010	2009
Balance payable at July 01,	1,999,300	1,938,503
Charge to P & L Account for the year	697,137	1,185,481
Contribution / benefits paid	(1,013,150)	(1,124,684)
Balance payable at June 30,	1,683,287	1,999,300

Reconciliation

	2010	2009
Present value of defined benefit obligation	1,672,639	1,900,024
Unrecognized actuarial gain / (loss)	10,648	99,276
Liability recognized in the accounts	1,683,287	1,999,300

Expenses for the year

	2010	2009
Current service cost	469,134	977,101
Interest cost	228,003	208,380
	697,137	1,185,481

Historical Information

	2010	2009	2008	2007	2006
			Rupees		
Present value of defined benefit obligation	1,672,639	1,900,024	2,083,803	1,622,778	1,358,632
Unrecognized actuarial gains / (losses)	10,648	99,276	(145,300)	(157,553)	(189,000)
	1,683,287	1,999,300	1,938,503	1,465,225	1,169,632

Note 11

Trade and Other Payables

		2010 Rupees	2009 Rupees
Creditors - Unsecured	11.1	43,955,095	72,459,144
Advances from customers		31,069,966	30,165,010
Accrued liabilities		10,153,170	9,701,612
Reserve for the restoration of damaged property	11.2	10,500,000	10,500,000
Unclaimed dividend		61,794	61,794
Income tax deducted at source	11.3	4,980,355	4,045,212
		100,720,380	126,932,772

11.1 The above amount includes Rs 20.000 million which has been offset against advance to cotton suppliers (note 23)

11.2 This represents the amount reserved against claim lodged for godowns destroyed in a fire incident in the previous year. The estimate of the loss occasioned to godowns in fire incident cannot be reliably made unless the salvage is removed and the buildings are cleared for reconstruction / restoration by surveyors of the insurance company.

11.3 Not deposited into government treasury

Note 12

Accrued Markup on borrowings

	2010 Rupees	2009 Rupees
Accrued mark-up on:		
-Long term financing	35,840,088	1,146,410
-Liabilities against matured import letters of credit for BMR		11,130,515
-Lease against assets subject to financial charges	794,867	194,483
-Short term borrowings	17,394,000	15,074,429
	54,028,955	27,545,837

Note 13

Short Term Borrowings

		2010 Rupees	2009 Rupees
Banking company - secured			
The Bank of Punjab			
- Cash finance	13.1	109,998,500	109,998,500
- Short term running finance	13.2	15,000,000	15,000,000
Overdrawn bank balances - Unsecured	13.3	2,340,736	4,075,915
		127,339,236	129,074,415

13.1 The cash finance was obtained from the bank to meet working capital requirements and was secured against pledge of raw materials with suitable margin and pari passu on the current and future assets of the Company. The approved limit of this facility was Rs. 110.00 million carrying a mark-up of average 3 months KIBOR + 300 bps with a floor of 10% to be recovered quarterly. This facility expired in 31.08.2009 and the renewal is dependant on the mutual settlement of matters discussed in the next paragraph..

The pledged raw material includes stock of raw cotton which was destroyed by a fire incident as stated in Note 23.2. The Company has filed a suit before the Insurance Tribunal, Lahore against the insurance company for the recovery of insurance claim, and in another suit filed by the Company before the Banking Court, Lahore, the Court has restrained the Bank from taking any coercive step for the recovery of the amount advanced under pledge arrangements. However, at this stage the final outcome of the later case cannot be objectively ascertained.

13.2 The running finance was obtained from the bank to meet working capital requirements and was secured against a hypothecation charge in the current and future assets of the Company with a 25% margin and personal guarantees of the sponsoring directors of the Company. The approved limit of this facility was Rs. 15.00 million carrying a mark-up of average 3 months KIBOR + 450 bps with a floor of 10% to be recovered quarterly. This facility expired in 31.08.2009 and the renewal is dependant on the outcome of the suit filed by the Company before the Banking Court, Lahore as mentioned in note 7.6).

13.3 The overdrawn bank balances has arisen due to issuance of cheques in excess of balance at bank account.

Note 14

Overdue and Current Portion of Non Current Liabilities

	2010 Rupees	2009 Rupees
Overdue installments		
Long term financing	1,979,569	1,979,569
Liabilities against assets subject to finance lease	1,284,078	93,131
	3,263,647	2,072,700
Current portion		
Long term loans	-	2,916,000
Liabilities against assets subject to finance lease	1,793,239	1,319,434
	1,793,239	4,235,434
	5,056,886	6,308,134

Note 15

Provision for Taxation

	2010 Rupees	2009 Rupees
Opening balance	9,972,794	11,874,211
Add: Provision for current period	5,047,745	-
	15,020,539	11,874,211
Less: Paid / adjusted	(2,315,493)	(1,901,417)
	12,705,046	9,972,794

15.1 Income tax assessments are deemed finalized upto the Tax Year 2009 (accounting year ended June 30, 2009) as the returns have been filed under self assessment scheme.

Note 16

Contingencies and Commitments

Contingencies

There were no material contingencies outstanding as at the balance sheet date (2009: Nil)

Commitments

There were no material commitments as on June 30, 2010 (June 30, 2009: Nil)

Note 17

Property, Plant and Equipment

Particulars	Cost / Revalued Amount				Rate	Depreciation				Book Value
	As at 01.07.2009	Additions	(Deletions)	Total as at 30.06.2010	%	Upto 01.07.2009	Adjustment	For the year	Total as at 30.06.2010	as at 30.06.2010
Owned										
Land - freehold	8,223,000	-	-	8,223,000	-	-	-	-	-	8,223,000
Buildings on freehold land	78,715,126	-	-	78,715,126	6	48,549,788	-	1,809,920	50,359,708	28,355,418
Plant and machinery	673 266,812	4,355,400	-	677,622,212	4	261,953,165	-	16,546,190	278,499,355	399,122,857
Gas power generation plant	70,467,444	-	-	70,467,444	5	12,351,323	-	2,905 806	15,257,129	55,210,315
Furniture and fixtures	1,846,877	-	-	1,846,877	10	1,230,128	-	61,675	1,291,803	555,074
Office equipment	2,875,415	183,000	-	3,058 415	10	1,833,639	-	107 628	1,941,267	1,117.148
Vehicles	5,767,484	-	-	5,767 484	20	4,525,548	-	248 387	4,773,935	993,549
Other assets	773,615	12,500	-	786,115	10	572,996	-	20.374	593,370	192,745
Sub total	841,935,773	4,550,900	-	846,486.673		331,016,587	-	21.699,980	352,716.567	493,770,106
Leasehold										
Plant and machinery	11,959,710	-	-	11,959,710	4	469,715	-	459,600	929,315	11,030,395
Sub total	11,959,710	-	-	11,959,710		469,715	-	459,600	929,315	11,030,395
Total Rupees 2010	853,895,483	4,550,900	-	858.446,383		331,486,302	-	22,159,580	353,645 882	504,800,501
Total Rupees 2009	724,413,215	129,482.268	-	853.895,483		308,872,854	-	22,613,447	331,486.302	522,409.181

17.1 Revaluation was carried out by M/s. Hamid Mukhtar & Co., Valuers and Surveyors as at September 30, 1995. Had there been no revaluation, the net book value of operating property, plant and equipment would have amounted to:

NET BOOK VALUE

	2010 Rupees	2009 Rupees
Land - free hold	1,532,192	1.532,192
Buildings on freehold land	19,954,422	21,228,109
Plant and machinery	276,049,930	283.112,681
	297,536,544	305.872,982

17.2 **Depreciation provided for the year is allocated as under:**

	Note	2010 Rupees	2009 Rupees
Cost of sales	27.1	21,896,921	22,420,917
Administrative expenses	29	262,659	192,531
		22,159,580	22,613,448

17.3 Fixed assets register not maintained

Note 18
Long Term Investments

	2010 Rupees	2009 Rupees
Available for sale - in a quoted company at fair value		
Pakistan International Airlines Corporation		

No. of shares 2010	No. of shares 2009		2010 Rupees	2009 Rupees
700	700	Pakistan International Airlines Corporation	1,918	2,387

18.1 There is a loss of Rs. 469 (2009: Rs. 1,113) on the remeasurement of the available for sale investment to fair value. As per IAS 39 - Financial Instruments: Recognition and measurement the unrealized gain / (loss) on remeasurement is to recognized in other comprehensive income. As the amount of loss is immaterial it is being recognized in the profit and loss account.

Note 19
Long Term Deposits

	2010 Rupees	2009 Rupees
Security deposits:		
- Lease margin	2,250,393	2,249,843
- Utilities	1,300,850	1,300,850
	3,551,243	3,550,693

Note 20
Stores and Spares

	2010 Rupees	2009 Rupees
Stores	9,871,055	8,267,008
Spares	11,212,339	11,312,184
	21,083,394	19,579,192

Note 21
Stock-in-Trade

	2010 Rupees	2009 Rupees
Raw material	5,526,798	11,735,584
Work-in-process	15,103,766	12,306,786
Finished goods	1,497,326	7,149,616
Wastes	5,888	43,930
	22,133,778	31,235,916

Note 22
Trade Debts

	2010 Rupees	2009 Rupees
Local - (Unsecured, considered good)	6,385,287	4,963,697

In addition, some of the unimpaired trade debts are past due as at the reporting date. The age of trade debts 'past due' but not impaired is as follows:

Age analysis

Not more than 3 months	-	-
More than 3 months but not more than 6 months	6,385,287	4,963,697
	6,385,287	4,963,697

Note 23

Loans and Advances (unsecured - considered good)

	2010 Rupees	2009 Rupees
Advances to:		
Contractors and suppliers	24,493,420	17,222,524
Employees	455,000	541,000
	24,948,420	17,763,524

Note 24

Trade Deposits, Short Term Prepayments and Other Receivables

		2010 Rupees	2009 Rupees
Bank guarantee margin		965,000	965,000
Sales tax refundable		3,907,877	1,151,815
Prepayment		373,723	
Insurance claim receivable	24.1	115,659,600	115,659,600
		120,906,200	117,776,415

24.1 This represents the claim lodged with the insurance company for the recovery of loss sustained by the Company by burning of raw cotton and damage caused to godown buildings in a fire incident occurred during the previous year. The Company has filed a suit in the Insurance Tribunal, Lahore against the insurance company for the expedite earlier settlement / recovery of insurance claim.

Note 25

Cash and Bank Balances

	2010 Rupees	2009 Rupees
In hand	707,247	492,572
With banks in current account	292,559	641,256
	999,806	1,133,828

Note 26
Sales - Net

		2010 Rupees	2009 Rupees
Yarn		1,005,937,464	774,652,665
Viscose		-	442,500
Wastes		3,611,591	2,931,176
		1,009,549,055	778,026,341
Less: Commission on sales		(1,986,423)	(1,953,261)
		1,007,562,632	776,073,080

26.1 There were no major customers of the company which formed 10 percent or more of the company's revenue.

Note 27
Cost of Sales

		2010 Rupees	2009 Rupees
Opening stock		7,149,616	3,866,879
- Finished goods		43,930	73,258
- Wastes		7,193,546	3,940,137
Add: Cost of goods manufactured	27.1	987,141,479	785,429,749
		994,335,025	789,369,886
Closing stock			
- Finished goods		(1,497,326)	(7,149,616)
- Wastes		(5,888)	(43,930)
		(1,503,214)	(7,193,546)
		992,831,811	782,176,340

27.1 **Cost of goods manufactured**

		2010 Rupees	2009 Rupees
Opening stock - raw materials		11,735,584	68,092,670
Purchases		756,670,639	646,979,492
		768,406,223	715,072,162
Closing stock - raw materials		(5,526,798)	(11,735,584)
Raw material stock destroyed by fire		-	(105,159,600)
Raw material consumed		762,879,425	598,176,978
Salaries, wages and benefits	27.2	82,097,390	77,813,226
Stores consumed		13,937,733	10,466,076
Oil and lubricants		1,666,227	1,232,127
Repairs and maintenance		21,205,036	15,899,526
Power and fuel		84,058,166	54,265,155
Carriage inwards		351,716	276,614
Cotton and textile cess		294,620	127,850
Insurance		1,551,225	2,394,841
Depreciation	17.2	21,896,921	22,420,917
		227,059,034	184,896,332
		989,938,459	783,073,310
Work-in-process			
- Opening		12,306,786	14,663,225
- Closing		(15,103,766)	(12,306,786)
		(2,796,980)	2,356,439
		987,141,479	785,429,749

27.2 Salaries, wages and benefits include Rs.0.697 million (June 30, 2009: Rs.1.185 million) on account of staff retirement benefits.

Note 28

Selling and distribution expenses

		2010 Rupees	2009 Rupees
Freight and handling		25,522	209,012
Packing		3,062,444	5,741,466
Selling and distribution		159,190	133,418
		3,247,156	6,083,896

Note 29

Administrative expenses

		2010 Rupees	2009 Rupees
Salaries, allowances and benefits		4,396,680	5,927,942
Traveling and conveyance		664,564	531,090
Printing and stationery		411,908	295,628
Entertainment		580,343	401,857
Repairs and maintenance		415,973	925,154
Vehicle running and maintenance		1,220,979	1,175,815
Rent, rates and taxes		114,505	90,000
Fees and subscription		167,960	283,424
Newspapers and periodicals		12,691	6,869
Telephone and postage		585,627	777,712
Insurance		76,042	78,055
Legal and professional charges		193,582	279,007
Gardening		29,925	8,400
Utilities		1,127,057	822,211
Miscellaneous		781,164	857,366
Depreciation	17.2	262,659	192,531
		11,041,659	12,653,061

Note 30

Finance Cost

	2010 Rupees	2009 Rupees
Mark-up finance cost on:		
- Long term financing	22,496,559	12,939,664
- Lease liability	1,176,680	521,286
- Short term borrowings	2,319,571	19,258,453
	25,992,810	32,719,403
Bank and other charges	1,233,374	2,299,508
	27,226,184	35,018,911

Note 31
Other Operating Charges

		2010 Rupees	2009 Rupees
Auditors' remuneration:			
- Audit fee		300,000	250,000
- Limited scope review		60,000	50,000
		360,000	300,000
Donations	31.1	48,200	86,932
Effect of valuation of long term investments		469	1,113
Exchange loss on matured letter of credit for BMR		-	18,781,159
		408,669	19,169,204

31.1 None of the directors or their spouses have any interest in the donees.

Note 32
Taxation

	2010 Rupees	2009 Rupees
Current	5,047,745	-
Deferred	(7,221,756)	5,140,528
	(2,174,011)	5,140,528

32.1 **The relationship between accounting profit and tax expense**

The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income falls under minimum tax of the Income Tax Ordinance, 2001.

Note 33
Earning per Share - Basic and diluted

	2010 Rupees	2009 Rupees
Net loss after taxation	(25,018,836)	(84,168,860)
	Numbers of shares	
Weighted average number of ordinary shares outstanding during the year	13,750,000	13,750,000
	Rupees	
	(1.82)	(6.12)

Note 34

Remuneration of Chief Executive and Directors

The aggregate amount charged in the financial statements for remuneration and allowances to the chief executive and two directors of the company are as follows:

	2010 Rupees		2009 Rupees	
Managerial Remuneration	Chief Executive	Directors	Chief Executive	Directors
- Remuneration	482,400	1,078,467	482,400	1,329,200
-Housing Allowances	240,000	539,233	240,000	664,600
	722,400	1,617,700	722,400	1,993,800
Number of persons	1	4	1	4

34.1 The chief Executive and two directors are provided with company maintained cars

34.2 No meeting fee has been paid to any director during the year except an amount of Rs 2,500 per meeting that has been paid to Nominee Director

34.3 None of the officers of the company draw basic salary above Rupees five hundred thousand per year and therefore, no employees qualifies as an expense

Note 35

Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' 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 anothers in the industry, the Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long term financing, both current and non current and non current portion and short term borrowings) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

As on the balance sheet date, the gearing ratio of the Company was as under:

	2010 Rupees	**2009** Rupees
Total borrowings	630,276,654	606,267,844
Cash and bank balances	(999,806)	(1,133,828)
Net debt	629,276,848	605,134,016
Equity	(260,802,619)	(240,191,828)
Total Capital	368,474,229	364,942,188
Gearing Ratio %	171%	166%

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

36.1 Financial instruments by category

	2010 Rupees	2009 Rupees
Financial assets		
Available for sale		
Long term investments	1,918	2,387
Loans and receivables		
Long term deposits	3,551,243	3,550,693
Trade debts	6,385,287	4,963,697
Advances - considered good	455,000	541,000
Cash and bank balances	999,806	1,133,828
Total financial assets	11,393,254	10,191,605
Financial liabilities		
Financial liabilities at amortized cost		
Long term finances	163,489,019	163,489,019
Loan from related parties	339,448,399	321,649,399
Liabilities against assets subject to finance lease	11,309,769	11,424,249
Trade and other payables	100,720,380	126,932,772
Accrued mark-up	54,028,955	27,545,837
Short term finances	127,339,236	129,074,415
Total financial liabilities	796,335,758	780,115,691
On balance sheet gap	(784,942,504)	(769,924,086)

Fair value of financial assets and liabilities

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

36.2 Financial risk management

The board of directors of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company has exposure to the following risks from its use of

- Credit risk
- Liquidity risk
- Market risk

36.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

Credit risk of the company arises principally from the trade debts, advances, and deposits with banks and financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date is as follows:

	Note	2010 Rupees	2009 Rupees
Long term Investments	18	1,918	2,387
Long term deposits	19	3,551,243	3,550,693
Trade debts	22	6,385,287	4,963,697
Advances	23	455,000	541,000
Bank balances	25	292,559	641,256
		10,686,007	9,699,033

To reduce the exposure to credit risk, the company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

Advances recoverable from employees are secured against their retirement benefits

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit

36.2.2 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

	2010		
	Carrying amount	Maturity upto one year	Maturity after one year
	Rupees		
Financial liabilities			
Long term finances - secured	163,489,019	1,979,569	161,509,450
Loan from related parties	339,448,399	-	339,448,399
Liabilities against assets subject to finance lease	11,309,769	3,077,317	8,232,452
Trade and other payables	100,720,380	100,720,380	-
Accrued mark-up	54,028,955	54,028,955	-
Short term finances - secured	127,339,236	127,339,236	-
	796,335,758	287,145,457	509,190,301

	2009		
Financial liabilitles			
Long term finances - secured	163,489,019	4,895,569	158,593,450
Loan from related parties	321,649,399	-	321,649,399
Liabilities against assets subject to finance lease	11,424,249	1,412,565	10,011,684
Trade and other payables	126,932,772	126,932,772	-
Accrued mark-up	27,545,837	27,545,837	-
Short term finances - secured	129,074,415	129,074,415	-
	780,115,691	289,861,158	490,254,533

36.2.3 Market risk

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

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is not exposed to currency risk as it does not have any transactions in foreign currency at the balance sheet date.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks, running finance facilities and finance leases. At the balance sheet date the interest rate profile of the company's mark-up bearing financial instruments is as follows:

	Carrying amount	
	2010 Rupees	2009 Rupees
Variable rate instruments		
Financial assets	-	-
Financial liabilities	302,138,024	303,987,683
	302,138,024	303,987,683

As at 30 June 2010, if KIBOR had been 100 bps higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 3.02 million (2009: Rs. 3.03 million) mainly because of higher / lower interest expense

Note 37

Plant Capacity and Production

	2010 Rupees	**2009** Rupees
Number of spindles installed	31,880	31,880
Number of spindles worked	27,500	26,145
Actual production for the year (Million Kgs)	5.992	5.626
Actual production converted in 20/S (Million Kgs)	11.418	11.625
Total number of working days	365	365
Number of shifts	3	3

Note 38

Transactions with Related Parties

Related parties comprise 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:

	2010	**2009**
	Rupees in thousands	
Loan from directors and related persons received	17,799	5,990

39 **CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

Reclassification from	Reclassification to	Amount Rupees
Trade and others	Long term financing	19,369,238

40 **DATE OF AUTHORIZATION**

These financial statements were authorized for issue on October 08, 2010 by the board of directors of the company.

41 **GENERAL**

The figures have been rounded of to the nearest rupee.

NOOR ELLAHI
Chief Executive

AHMED ELLAHI
Director

FORM - 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number **L-167 OF 1978-79**

2. Name of the Company **HAJRA TEXTILE MILLS LTD**

3. Pattern of holding of the shares held by the shareholders as at **June 30, 2010**

4.

No. of Shareholders	Shareholding From	To	Total Shares Held
217	1	100	9,482
174	101	500	48,296
98	501	1,000	76,719
119	1,001	5,000	324,593
35	5,001	10,000	249,622
13	10,001	15,000	164,623
7	15,001	20,000	130,349
5	20,001	25,000	118,722
4	25,001	30,000	112,400
2	30,001	35,000	64,003
1	35,001	40,000	38,974
1	45,001	50,000	49,317
2	60,001	65,000	126,000
1	105,001	110,000	105,855
1	115,001	120,000	116,809
1	130,001	135,000	133,900
1	515,001	520,000	518,063
1	1,135,001	1,140,000	1,136,227
2	2,840,001	2,845,000	5,681,136
1	4,540,001	4,545,000	4,544,910
686			13,750,000

	Categories of Shareholders	Shares Held	Percentage
5.	**Categories of Shareholders**	**Shares Held**	**Percentage**
5.1	Directors, Chief Executive Officer and their spouses and minor children	10,233,546	74.4258
5.2	Associated Companies, Undertakings, and related parties	-	-
5.3	NIT and ICP	550,603	4.0044
5.4	Banks, Developments, Financial Institutions, Non Banking Financial Institutions	170,897	1.2429
5.5	Insurance Companies	1,000	0.0073
5.6	Modaraba and Mutual Funds	149,000	1.0836
5.7	Shareholders holding 10%	10,226,046	74.3712
5.8	General Public	2,614,390	19.0137
5.9	Others (to be specified **Joint Stock Companies**	30,564	0.2223

CATEGORIES OF SHAREHOLDERS AS REQUIRED UNDER C.C.G.
AS AT JUNE 30, 2010

S. NO.	NAME OF SHAREHOLDER	HOLDING	%AGE
	DIRECTORS, CEO, THEIR SPOUSE & MINOR CHILDREN		
1.	Mr. Noor Ellahi	4,544,910	33.0539
2.	Mr. Ahmed Ellahi	2,840,568	20.6587
3.	Mr. Muhammad Hassan Ellahi	2,840,568	20.6587
4.	Mr. Muhammad Asim	2,500	0.0182
5.	Mr. Muhammad Shafiq Bhatti	2,500	0.0182
6.	Rana Muhammad Saeed	2,500	0.0182
7.	Mr. Shahid Aziz (NIT - Nominee)		-
		10,233,546	74.4258
	ASSOCIATED COMPANIES	-	
	NIT & ICP		
1.	Investment Corporation of Pakistan	19,200	0.1396
2.	National Investment Trust Limited (CDC)	13,340	0.0970
3.	National Bank of Pakistan Trustee Deptt. (CDC)	518,063	3.7677
		550,603	4.0044
	BANKS, DEVELOPMENTS, FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS		
1	National Bank of Pakistan	2,100	0.0153
2.	Crescent Investment Bank Ltd	200	0.0015
3.	Crescent Investment Bank Ltd	100	0.0007
4.	Islamic Investment Bank Ltd	700	0.0051
5.	Islamic Investment Bank Ltd (CDC)	10,625	0.0773
6	The Bank of Punjab (CDC)	105,855	0.7699
7.	National Bank of Pakistan (CDC)	49,317	0.3587
8.	National Development Finance Corporation	2,000	0.0145
		170,897	1.2429
	INSURANCE COMPANIES	1,000	0.0073
	MODARABA COMPANIES		
1.	Long term Venture Capital Modaraba	133,900	0.9738
2.	First Sanaullah Modaraba	100	0.0007
3.	First UDL Modaraba (CDC)	15,000	0.1091
		149,000	1.0836
	JOINT STOCK COMPANIES		
1.	Pak Libya Holding (Pvt) Ltd	19,500	0.1418
2.	Sarfraz Mahmood (Pvt) Ltd	37	0.0003
3.	Darson Securities Ltd (CDC)	2,000	0.0145
4.	A.H.K.D. Securities (Pvt) Ltd *CDC)	253	0.0018
5.	Taurus Securities (Pvt) Ltd (CDC)	500	0.0036
6.	Time Securities (Pvt) Ltd (CDC)	274	0.0020
7.	Y. S. Securities & Services (Pvt) Ltd (CDC)	5,000	0.0364
8.	Stock Master Securities (Pvt) Ltd (CDC)	3,000	0.0218
		30,564	0.2223
	SHARES HELD BY THE GENERAL PUBLIC	2,614,390	19.0137
		13,750,000	**100.0000**

SHARES HELD BY THE GENERAL PUBLIC

S. NO.	NAME OF SHAREHOLDER	HOLDING	%AGE
1.	Mr. Noor Ellahi	4,544,910	33.0539
2.	Mr. Ahmed Ellahi	2,840,568	20.6587
3.	Mr. Muhammad Hassan Ellahi	2,840,568	20.6587
		10,226,046	74.3712

There is no trading in shares of the Company by the directors, CEO, CFO, Company Secretary and their spouses and minor children during the year.

HAJRA TEXTILE MILLS LIMITED

45-50 Industrial Area, Gulberg III, Lahore

THIRTY FIRST ANNUAL GENERAL MEETING

Registered Folio No.

FORM OF PROXY

IMPORTANT

Instrument of Proxy will not be considered as valid unless they are deposited or received at 45-50 Industrial Area, Gulbertg-III, Lahore not later than 48 hours before the time of holding the meeting

I/We ______________________________

of ______________________________

Member(s) of HAJRA TEXTILE MILLS LIMITED hereby appoint ______________

____

as proxy to vote on my/our behalf at the 31st Annual General Meeting of the Company to be held on Saturday, October 30, 2010 at 10:30 A.M. and any time adjournment thereof.

Dated:______________

Signature

Affix
Five Rupees
Revenue Stamps