SALFI TEXTILE MILLS LIMITED

Annual Report 2013

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS **CHAIRMAN AND CHIEF EXECUTIVE :**	Mr. Anwar Ahmed Tata
DIRECTORS:	Mr. Shahid Anwar Tata Mr. Adeel Shahid Anwar Mr. Aijaz Ahmed Tariq Mr. Muhammad Naseem Mr. Farooq Advani Mr. Kausar Ejaz
AUDIT COMMITTEE **CHAIRMAN:**	Mr. Shahid Anwar Tata
MEMBERS:	Mr. Aijaz Ahmed Tariq Mr. Kausar Ejaz
HUMAN RESOURCE & **REMMUNERATION COMMITTEE** **CHAIRMAN:**	Mr. Muhammad Naseem
MEMBERS:	Mr. Anwar Ahmed Tata Mr. Kausar Ejaz
COMPANY SECRETARY & **CHIEF FINANCIAL OFFICER:**	Mr. Farooq Advani
BANKERS:	Allied Bank Limited. Bank Alfalah Limited Bank Islami Pakistan Limited Habib Metropolitan Bank Limited MCB Bank Limited. National Bank of Pakistan Soneri Bank Limited JS Bank Limited
AUDITORS:	M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants
LEGAL ADVISOR:	Faisal Mehmood Ghani & Co. Advocates.
SHARE REGISTRAR:	Central Depository Company of Pakistan Limited CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal Tel# (Toll Free) 0800-CDCPL (23275) Fax: (92-21) 34326053
REGISTERED OFFICE:	6th Floor Textile Plaza, M.A Jinnah Road Karachi. Tel# 32412955-3 Lines 32426761-2-4 Fax# 32417710
WEB SITE ADDRESS:	www.tatatex.com
E- MAIL ADDRESS:	stm.corporate@tatatex.com
MILLS:	HX-1, Landhi Industrial Area, Landhi, Karachi

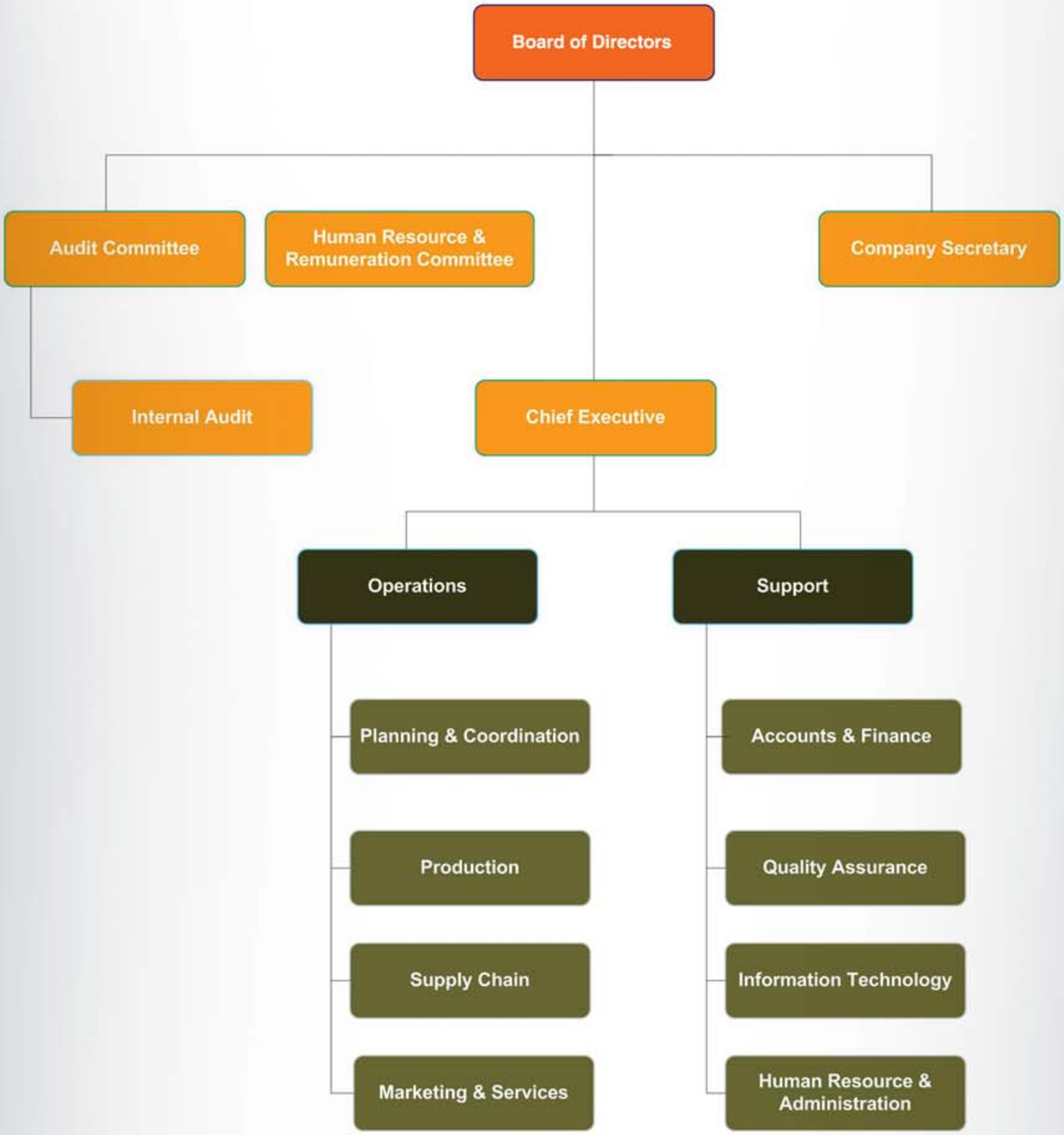
Vision Statement

We shall build upon our recognition as a socially and environmentally responsible organization known for its principled and honest business practices we shall remain committed to exceeding the highest expectations of our stakeholders by maintaining the highest quality standards and achieving sustained growth in our capacity.

Mission Statement

We are committed to the higher expectations of our customers, we strive for the production of best quality yarns for high value products.

Organization Chart



CHAIRMAN'S REVIEW

Assalam-o-Alaikum,

As Chairman of Salfi Textile Mills Limited, I feel pleasure to present the Annual Audited Accounts along with the auditor's report thereon for the year ended June 30, 2013. During the period under review, Alhamdulillah the company performed very well and has been able to make a pretax profit of Rs.328.873 million in the year ended June 30, 2013.

Although the year under review has been good, but the coming year seems little difficult.

INDIAN ROLE IN TEXTILE EXPORT

Indian role in textile exports will be the most significant factor. Substantial developments have taken place in India in recent months. Indian rupee has devaluated by more than 26%, they have large surplus of cotton crop and have already become the single largest exporter of yarn in the world. India is going to make inroads in Pakistan's traditional strong areas.

CHINA COTTON POLICY

China will be the second most significant factor this year as the country for the third consecutive year has announced the support policy for Chinese farmers. Needless to mention, that China at present is the single largest stock holder of cotton in the world. Further buying this year will increase their stocks. They still have not yet announced the policy on release of stocks to the Chinese mills or allowing imports of cotton. Uncertainty is looming large due to this factor, and is going to be very critical in determining how the overall textile market will behave.

COTTON SITUATION

Although the estimated area under the cotton cultivation has remained on the lower side and the weather was not good initially, but now the weather is favorable, and possibly if the weather remains good and no extra ordinary rains or any weather related issue occurred in the coming months, we will harvest the same number of bales hopefully as we did in the last year but taken long term position on cotton will remain very risky because of India and China. As we require quality cotton for our yarn products, so it will be very tricky situation concerning our cotton procurement policy.

COST PUSH INFLATION

The manufacturing costs have escalated due to the rapid devaluation of Pakistani currency (7%-8%) in the recent months and the resulting increase in raw material prices, wages and salaries.

POWER ISSUES

Energy shortages have continued this year as well and in total we have been faced around 10 days in which no power was available to us. Beside this, the Govt. has also raised power tariffs by around 50% which will put extra financial burden. We are hopeful that the current government will take these power related issues very seriously and will rectify it.

INTERNAL AUDIT

We have already agreed for the arrangement of Internal Audit services to be provided by A. F. FERGUSON & CO. The objective of this exercise would be to assess areas like revenues & receivables, purchases & payables, treasury management, production and inventory management, fixed asset management, human resource management and financial accounting & reporting.

HUMAN RESOURCE MANAGEMENT

Human resource planning and management is one of the essential matters and is at the spotlight at the senior management level. The company has a Human Resource and Remuneration Committee that guides in the selection, evaluation, compensation and succession planning of key management personnel. Its responsibility entails recommending improvement in the Company's human resource policies and procedures and their periodic review. The Committee keeps abreast with industries "Best Practices" and ensures to discuss and implement these as and when the situation arises.

PLANNING & COORDINATION

The company has a philosophy of creating value for its stake holders through continuous improvement and our Planning and Coordination Department works to achieve this objective by synchronizing and planning activities of business departments concerned with production, quality, maintenance, human resource, sales and customer feedback. The purpose is to build synergy and coherence to ensure seamless operations, identify areas of improvement and potential cost reduction to maximize returns on investment. Evaluation of technical reports and data, analysis of competitive market strategies and communication with suppliers and professional organizations are some of the core functions performed by the Planning and Coordination to be aware of industry trends and to mould business operations accordingly.

PROJECTS

Our commitment to quality is very high; therefore most of our investments have remained in quality and product diversification. We are still not going to expand much in spindleage but production capacity is little enhanced recently. However, current year will be dedicated to infrastructure improvements.

ENTERPRISE RESOURCE PLANNING (ERP)

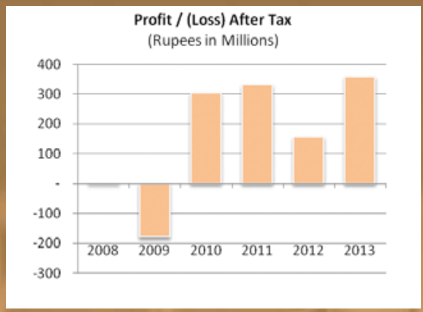
The implementation process of Oracle based Enterprise Resource Planning system which remains continued from the last two years is now completed. The new ERP system integrates the information coming from various departments of the company. It now serves as a central source of data for all departments. This ensures smooth flow of the same reliable information in real-time to all key managers, and will result in improved business processes management and decision-making.

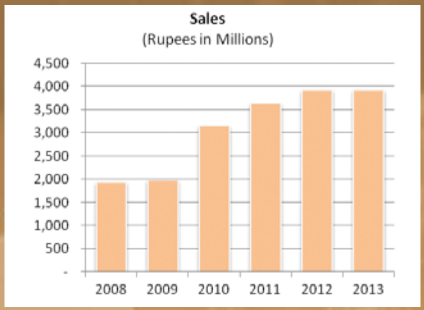
ACKNOWLEDGMENTS

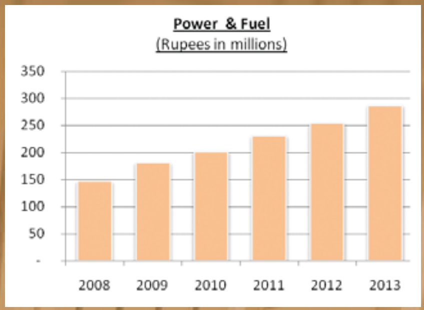
In the last, I would like to acknowledge the hard work put together by our team as without their untiring efforts and commitment, the company would not have been able to achieve so much. We owe our vendors, bankers, agents for their invariable support during all times. We are also thankful to our customers for their firm belief and trust on our quality products.

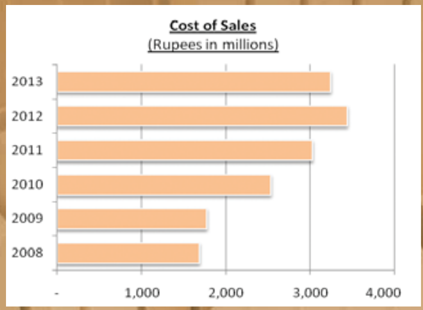
Karachi.
Dated: September 16, 2013

Anwar Ahmed Tata
Chairman

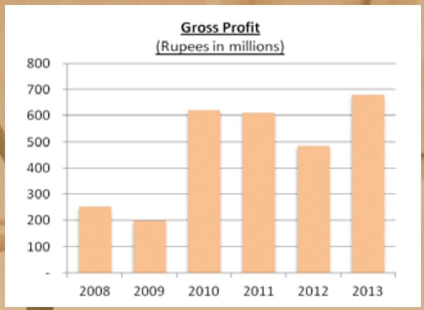

Profit / (Loss) After Tax
(Rupees in Millions)
400
300
200
100
-
-100
-200
-300
2008 2009 2010 2011 2012 2013

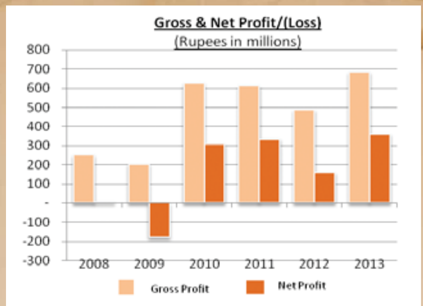

Sales
(Rupees in Millions)
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2008 2009 2010 2011 2012 2013

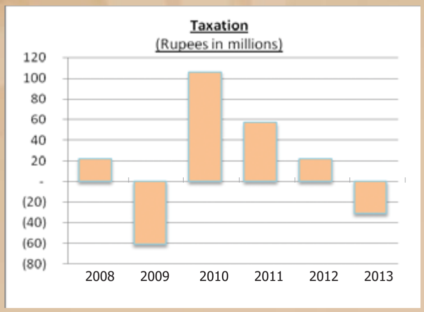

Power & Fuel
(Rupees in millions)
350
300
250
200
150
100
50
-
2008 2009 2010 2011 2012 2013

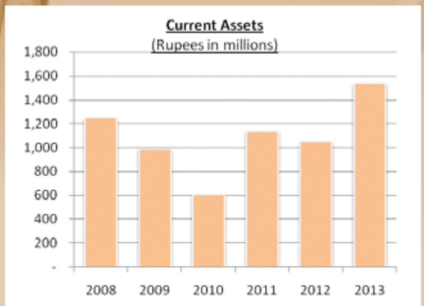

Cost of Sales
(Rupees in millions)
2013
2012
2011
2010
2009
2008
- 1,000 2,000 3,000 4,000

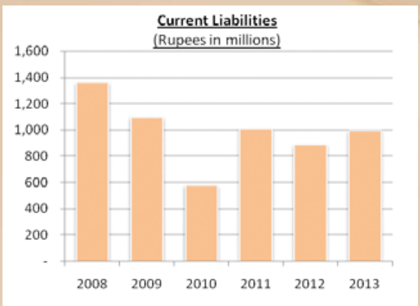

Salary, Wages & Benefits
(Rupees in millions)
250
200
150
100
50
-
2008 2009 2010 2011 2012 2013

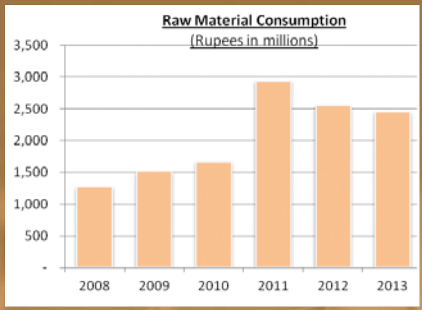

Gross Profit
(Rupees in millions)
800
700
600
500
400
300
200
100
-
2008 2009 2010 2011 2012 2013

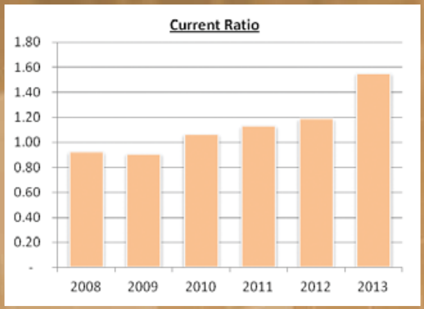

Gross & Net Profit/(Loss)
(Rupees in millions)
800
700
600
500
400
300
200
100
-
-100
-200
-300
2008 2009 2010 2011 2012 2013
Gross Profit
Net Profit

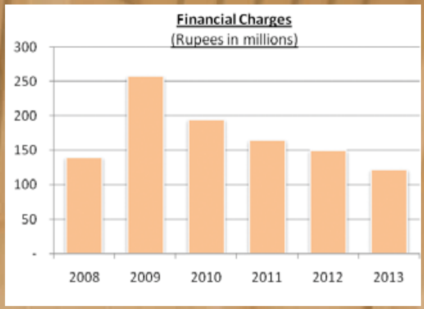

Taxation
(Rupees in millions)
120
100
80
60
40
20
-
(20)
(40)
(60)
(80)
2008 2009 2010 2011 2012 2013

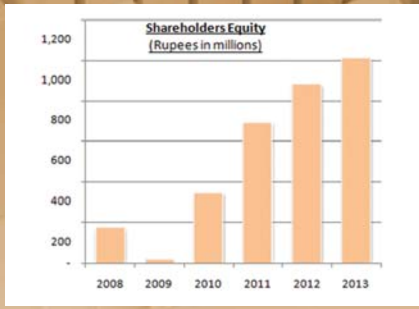

Current Assets
(Rupees in millions)
1,800
1,600
1,400
1,200
1,000
800
600
400
200
-
2008 2009 2010 2011 2012 2013

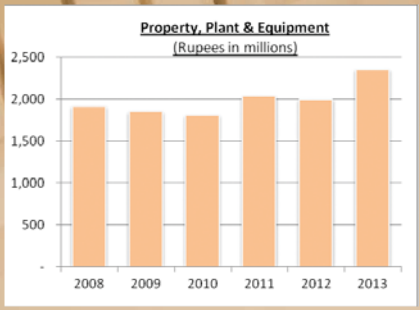

Current Liabilities
(Rupees in millions)
1,600
1,400
1,200
1,000
800
600
400
200
-
2008 2009 2010 2011 2012 2013

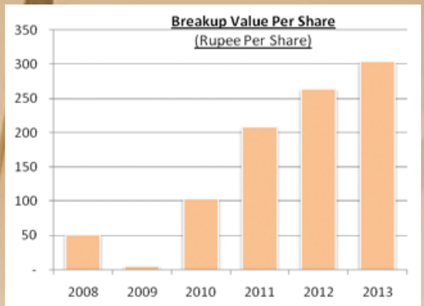

Raw Material Consumption
(Rupees in millions)
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2008
2009
2010
2011
2012
2013

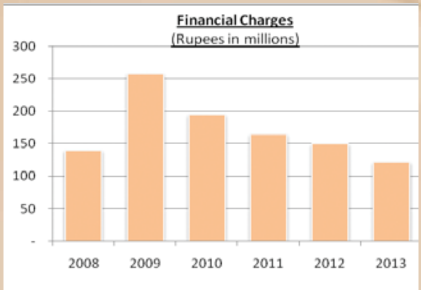

Current Ratio
1.80
1.60
1.40
1.20
1.00
0.80
0.60
0.40
0.20
-
2008
2009
2010
2011
2012
2013


Financial Charges
(Rupees in millions)
300
250
200
150
100
50
-
2008
2009
2010
2011
2012
2013


Shareholders Equity
(Rupees in millions)
1,200
1,000
800
600
400
200
-
2008
2009
2010
2011
2012
2013


Property, Plant & Equipment
(Rupees in millions)
2,500
2,000
1,500
1,000
500
-
2008
2009
2010
2011
2012
2013


Breakup Value Per Share
(Rupee Per Share)
350
300
250
200
150
100
50
-
2008
2009
2010
2011
2012
2013


Financial Charges
(Rupees in millions)
300
250
200
150
100
50
-
2008
2009
2010
2011
2012
2013

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting before you the 46th Annual Report together with the Audited Accounts for the year ended June 30, 2013

FINANCIAL RESULTS

The Company made a Pre-tax profit of Rs.328.873 million after charging costs, expenses and depreciation for the year.

	(Rupees)
Pre-tax profit for the year	328,872,786
Taxation	31,019,863
Profit after taxation	359,892,649
Accumulated Profit Brought Forward	845,382,737
Less: Dividend Paid	(10,027,710)
Less: Specie Dividend	(130,927,500)
Less:Change in value of investment due to specie Dividend	(171,679,790)
	532,747,737
Transfer from Surplus on Revaluation of Property Plant & Equipment	84,042,166
Transfer to General Reserve	(750,000,000)
Accumulated profit Carried Forward	226,682,552

CHAIRMAN'S REVIEW

The Directors of the Company endorse the contents of the Chairman's review, which is deemed to be a part of the Directors' report.

DIVIDEND

The Directors of the Company are pleased to recommend final cash dividend @ 20% in addition to the interim specie dividend in the form of shares of M/s Tata Textile Mills Limited already distributed in the ratio of 1000:1187 (i.e. for 1000 shares of Salfi Textile Mills Limited, 1187 shares of Tata Textile Mills Ltd.) for the year ended June 30, 2013.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

a. The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
b. Proper books of account of the Company have been maintained.
c. Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d. The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
e. There are no significant doubts upon the Company's ability to continue as a going concern.
f. The system of internal control is sound in design and has been effectively implemented and monitored.
g. Key operating and financial data of last six years in a summarized form is annexed.
h. Outstanding duties, statutory charges and taxes if any have been adequately disclosed in the annexed audited financial statements.
i. During the year under review, five Board of Director Meetings, four Audit Committee Meetings and three Human Resource & Remuneration committee meetings were held. The attendance of the directors is as follow:

Name of Director	Number of Meeting Attended		
	Board Meeting	Audit Committee	Human Resource & Remuneration Committee
Mr. Anwar Ahmed Tata	3	N/A	3
Mr. Shahid Anwar Tata	5	4	N/A
Mr. Adeel Shahid Anwar	4	N/A	N/A
Mr. Muhammad Naseem	5	N/A	3
Mr. Aijaz Ahmed Tariq	5	4	N/A
Mr. Kausar Ejaz	5	4	3
Mr. Farooq Advani	4	N/A	N/A

(However, leave of absence was granted to the Directors who could not attend the Meetings due to their pre-occupations)

j. During the year under review, Mr. Farooq Advani and Mr. Adeel Shahid Anwar have completed the Directors Training Program and become the certified director from Pakistan Institute of Corporate Governance. In addition, Mr. Anwar Ahmed Tata and Mr. Shahid Anwar Tata met the criteria of exemption under clause (xi) of Code of Corporate Governance and were accordingly exempted from directors' training program.

k. The statement of pattern of share holding of the Company as at June 30, 2013 is annexed. This statement is prepared in accordance with the Code of Corporate Governance.

l. Apart from the following transactions, the Chief Executive, Directors, Chief Financial Officer, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the company during the year

	Opening Balance As on 01-07-2012	Purchase	Sales	Closing Balance As on 30-06-2013
Mr. Anwar Ahmed Tata	**2,403,343**	**9,785**	**-**	**2,413,128**

Abstract Under Section 218(1) of the Companies Ordinance, 1984

During the year under review, the Board of Directors in their meeting held on April 27, 2013 has approved the 15% annual increment of Mr. Anwar Ahmed Tata Chief Executive as per term of appointment with effect from April 1, 2013. The following resolution has already been circulated to shareholders under section 218(3) of the Companies Ordinance 1984.

"Resolved that the monthly remuneration of Mr. Anwar Ahmed Tata Chief Executive would be Rs.373,820/- (Rupees three hundred seventy three thousand eight hundred twenty only). The Other terms and condition will remain unchanged."

AUDITORS

The Auditors Messer M. Yousuf Adil Saleem & Co. Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for reappointment for the financial year ending June 30, 2014.

ON BEHALF OF THE BOARD OF DIRECTORS

ANWAR AHMED TATA
CHAIRMAN / CHIEF EXECUTIVE

Karachi:
Date: September 16, 2013

KEY OPERATING AND FINANCIAL DATA

Description		2013	2012	2011	2010	2009	2008
OPERATING DATA							
Sales	Rs.'000'	3,925,774	3,927,483	3,640,287	3,160,366	1,980,144	1,940,999
Cost of Goods Sold	Rs.'000'	3,243,405	3,442,401	3,027,956	2,537,320	1,778,839	1,687,603
Gross Profit	Rs.'000'	682,369	485,082	612,331	623,046	201,305	253,396
Profit / (Loss) Before Taxation	Rs.'000'	328,872	178,470	389,480	411,463	(241,175)	25,142
Profit / (Loss) After Taxation	Rs.'000'	359,892	156,922	332,528	305,931	(179,872)	3,615
FINANCIAL DATA							
Equity Balance	Rs.'000'	1,015,714	884,371	697,351	346,612	16,748	172,030
Property, Plant & Equipment	Rs.'000'	2,356,478	2,003,448	2,035,309	1,812,686	1,853,707	1,918,615
Current Assets	Rs.'000'	1,538,821	1,053,121	1,140,265	613,593	993,437	1,252,799
Current Liabilities	Rs.'000'	993,303	887,716	1,011,095	578,795	1,097,656	1,360,121
RATIOS							
PROFITABILITY RATIOS							
Gross Profit Margin	%	17.38	12.35	16.82	19.71	10.17	13.05
Operating Profit Margin	%	6.96	4.10	8.66	9.77	(9.69)	1.04
Net Profit Margin	%	8.38	4.54	10.70	13.02	(12.18)	1.30
LIQUIDITY RATIOS							
Current Ratio	Times	1.55	1.19	1.13	1.06	0.91	0.92
Quick Ratio	Times	0.46	0.44	0.34	0.61	0.25	0.31
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	26.32	21.87	14.53	29.50	38.10	47.12
Accounts Receivable Turnover	Times	13.68	16.46	24.78	12.20	9.45	7.64
Inventory Turnover	Times	3.09	5.36	3.90	10.39	2.54	2.08
Working Capital Turnover	Times	7.20	23.74	28.18	90.82	(19.00)	(18.09)
Total Assets Turnover	Times	1.01	1.11	1.00	1.12	0.63	0.55
Return on Total Assets	%	9.22	4.43	9.15	10.84	(5.75)	0.10
Return on Equity	%	15.69	8.04	19.52	27.59	(20.57)	1.86
LEVERAGE RATIOS							
Long Term Debt to Equity Ratio	%	38.76	19.59	31.42	50.35	73.09	58.70
Total Debt to Equity Ratio	%	86.15	59.57	82.09	89.16	166.71	159.45
Long Term Debt to Total Assets	Times	0.21	0.12	0.17	0.27	0.27	0.23
Total Debt to Total Assets	Times	0.46	0.37	0.45	0.47	0.63	0.61
Equity to Total Assets	Times	0.54	0.63	0.55	0.53	0.37	0.39
Interest Coverage Ratio	Times	3.70	2.19	3.37	3.12	0.06	1.18
OTHERS							
Earning per Shares	Rs	107.67	46.95	99.48	91.53	(53.81)	1.08
Breakup Value of Shares w/o Revaluation Surplus	Rs	303.87	264.58	208.63	103.70	5.01	51.47
Breakup Value of Shares with Revaluation Surplus	Rs	627.02	664.30	596.98	446.22	350.75	403.88
Cash Dividend	%	20.00	30.00	30.00	25.00	-	-

ANALYSIS OF THE FINANCIAL STATEMENT BALANCE SHEET

Particulars	2013	2012	2011	2010	2009	2008
Assets	.... Rupees in '000'					
Non Current Assets						
Property, plant and equipment	2,356,478	2,003,448	2,035,309	1,812,686	1,853,707	1,918,615
Intangible assets	5,276	5,332	3,437	-	-	-
Long Term Investments	417	480,834	454,211	394,727	279,176	330,216
Long Term Deposit	463	463	295	295	620	994
Total Non Current Assets	2,362,634	2,490,077	2,493,252	2,207,708	2,133,503	2,249,825
Current Assets						
Stores, Spares and loose tools	34,570	22,050	16,299	16,270	20,178	14,280
Stock in Trade	1,049,400	642,292	775,930	244,289	700,534	813,218
Trade Debtors	287,022	238,579	146,892	258,970	209,547	254,062
Loans and Advances	80,906	66,837	93,096	47,444	22,531	140,364
Trade Deposit & Short Term Prepayment	1,464	1,834	938	424	603	513
Other Receivables	2,430	493	2,666	2,406	5,825	573
Other Financial Assets	17,212	9,629	8,066	6,606	6,606	4,757
Sales Tax Refundable	12,779	15,397	10,189	5,817	5,949	6,397
Cash and Bank	53,038	56,009	86,190	31,367	21,664	18,636
Total Current Assets	1,538,821	1,053,120	1,140,266	613,593	993,437	1,252,800
TOTAL ASSETS	**3,901,455**	**3,543,197**	**3,633,518**	**2,821,301**	**3,126,940**	**3,502,625**
Equity and Liabilities						
EQUITY						
Issued Subscribed &Paid up Capital	33,426	33,426	33,426	33,426	33,426	33,426
Reserve	755,606	5,562	5,466	5,557	5,672	6,900
Unappropriated Profit	226,683	845,383	658,459	307,629	(22,350)	131,704
Total Share Capital and Reserves	**1,015,715**	**884,371**	**697,351**	**346,612**	**16,748**	**172,030**
Surplus on revaluation of Fixed Assets	1,080,131	1,336,087	1,298,095	1,144,905	1,155,664	1,177,973
Non Current Liabilities						
Long Term Loans	634,120	182,522	330,995	523,282	709,733	594,628
Liabilities against assets subject to finance lease	-	-	-	-	9,417	-
Deferred Liabilities	178,186	252,502	295,980	227,706	137,722	197,872
Total Non Current Liabilities	**812,306**	**435,024**	**626,975**	**750,988**	**856,872**	**792,500**
Current Liabilities						
Trade and other Payables	308,525	283,954	290,963	223,803	168,655	297,556
Interest/ Markup	32,703	68,197	59,664	64,534	73,338	47,372
Short Term Borrowing	603,946	314,496	382,755	66,555	785,923	798,513
Current Portion of Long Term Loans	48,129	175,191	196,086	201,569	67,381	142,168
Taxation	-	45,877	81,629	22,335	2,359	74,513
Total Current Liabilities	993,303	887,715	1,011,097	578,796	1,097,656	1,360,122
TOTAL LIABILITES & EQUITY	**3,901,455**	**3,543,197**	**3,633,518**	**2,821,301**	**3,126,940**	**3,502,625**

ANALYSIS OF THE FINANCIAL STATEMENT
BALANCE SHEET VERTICAL ANALYSIS

Particulars	2013 %	2012 %	2011 %	2010 %	2009 %	2008 %
Assets						
Non Current Assets						
Property, plant and equipment	60.40	56.54	56.01	64.25	59.28	54.78
Intangible assets	0.14	0.15	0.09	0.00	0.00	0.00
Long Term Investments	0.01	13.57	12.50	13.99	8.93	9.43
Long Term Deposit	0.01	0.01	0.01	0.01	0.02	0.03
Total Non Current Assets	60.56	70.28	68.62	78.25	68.23	64.23
Current Assets						
Stores, Spares and loose tools	0.89	0.62	0.45	0.58	0.65	0.41
Stock in Trade	26.90	18.13	21.35	8.66	22.40	23.22
Trade Debtors	7.36	6.73	4.04	9.18	6.70	7.25
Loans and Advances	2.07	1.89	2.56	1.68	0.72	4.01
Trade Deposit & Short Term Prepayment	0.04	0.05	0.03	0.02	0.02	0.01
Other Receivables	0.06	0.01	0.07	0.09	0.19	0.02
Other Financial Assets	0.44	0.27	0.22	0.23	0.21	0.14
Sales Tax Refundable	0.33	0.43	0.28	0.21	0.19	0.18
Cash and Bank	1.36	1.58	2.37	1.11	0.69	0.53
Total Current Assets	39.44	29.72	31.38	21.75	31.77	35.77
TOTAL ASSETS	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Equity and Liabilities						
EQUITY						
Issued Subscribed & Paid up Capital	0.86	0.94	0.92	1.18	1.07	0.95
Reserve	19.37	0.16	0.15	0.20	0.18	0.20
Unappropriated Profit	5.81	23.86	18.12	10.90	-0.71	3.76
Total Share Capital and Reserves	**26.03**	**24.96**	**19.19**	**12.29**	**0.54**	**4.91**
Surplus on revaluation of Fixed Assets	**27.69**	**37.71**	**35.73**	**40.58**	**36.96**	**33.63**
Non Current Liabilities						
Long Term Loans	16.25	5.15	9.11	18.55	22.70	16.98
Liabilities against assets subject to finance lease	0.00	0.00	0.00	0.00	0.30	0.00
Deferred Liabilities	4.57	7.13	8.15	8.07	4.40	5.65
Total Non Current Liabilities	**20.82**	**12.28**	**17.26**	**26.62**	**27.40**	**22.63**
Current Liabilities						
Trade and other Payables	7.91	8.01	8.01	7.93	5.39	8.50
Interest/ Markup	0.84	1.92	1.64	2.29	2.35	1.35
Short Term Borrowing	15.48	8.88	10.53	2.36	25.13	22.80
Current Portion of Long Term Loans	1.23	4.94	5.40	7.14	2.15	4.06
Taxation	0.00	1.29	2.25	0.79	0.08	2.13
Total Current Liabilities	25.46	25.05	27.83	20.52	35.10	38.83
TOTAL LIABILITES & EQUITY	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

ANALYSIS OF THE FINANCIAL STATEMENT PROFIT & LOSS ACCOUNT

Particulars	2013	2012	2011	2010	2009	2008
		.... Rupees in '000'				
Sales	3,925,774	3,927,483	3,640,287	3,160,366	1,980,144	1,940,999
Cost of Goods Sold	3,243,405	3,442,401	3,027,956	2,537,320	1,778,839	1,687,603
GROSS PROFIT	682,369	485,082	612,331	623,046	201,305	253,396
Distribution cost	142,092	96,618	47,441	49,366	33,736	31,421
Administrative expenses	67,638	53,316	46,537	40,844	41,548	39,964
Other operating expenses	77,638	23,565	38,435	29,582	60,236	21,497
Finance Cost	121,946	150,579	164,653	194,530	257,565	140,297
	409,314	324,078	297,066	314,322	393,085	233,179
Other Income	5,639	7,991	4,721	1,841	4,317	2,867
Share of Profit / (Loss) from Associate net of Tax	50,178	9,475	69,494	100,898	(53,712)	2,058
	55,817	17,466	74,215	102,739	(49,395)	4,925
PROFIT/(LOSS) BEFORE TAXATION	**328,872**	**178,470**	**389,480**	**411,463**	**(241,175)**	**25,142**
Taxation	31,020	(21,548)	(56,952)	(105,532)	61,303	(21,527)
PROFIT/(LOSS) FOR THE YEAR	**359,892**	**156,922**	**332,528**	**305,931**	**(179,872)**	**3,615**

ANALYSIS OF THE FINANCIAL STATEMENT
PROFIT & LOSS VERTICAL ANALYSIS

Particulars	2013 %	2012 %	2011 %	2010 %	2009 %	2008 %
Sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Goods Sold	82.62	87.65	83.18	80.29	89.83	86.95
GROSS PROFIT	17.38	12.35	16.82	19.71	10.17	13.05
Distribution cost	3.62	2.46	1.30	1.56	1.70	1.62
Administrative expenses	1.72	1.36	1.28	1.29	2.10	2.06
Other operating expenses	1.98	0.60	1.06	0.94	3.04	1.11
Finance Cost	3.11	3.83	4.52	6.16	13.01	7.23
	10.43	8.25	8.16	9.95	19.85	12.01
Other Income	0.14	0.20	0.13	0.06	0.22	0.15
Share of Profit / (Loss) from Associate net of Tax	1.28	0.24	1.91	3.19	(2.71)	0.11
	1.42	0.44	2.04	3.25	(2.49)	0.25
PROFIT/(LOSS) BEFORE TAXATION	**8.38**	**4.54**	**10.70**	**13.02**	**(12.18)**	**1.30**
Taxation	0.79	(0.55)	(1.56)	(3.34)	3.10	(1.11)
PROFIT/(LOSS) FOR THE YEAR	**9.17**	**4.00**	**9.13**	**9.68**	**(9.08)**	**0.19**

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2013

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
743	1	100	31,684
166	101	500	37,109
29	501	1000	21,710
27	1001	5000	58,146
6	5001	10000	48,277
2	10001	15000	26,291
1	15001	20000	16,750
1	30001	35000	34,500
1	100001	105000	104,645
1	180001	185000	184,030
1	365001	370000	366,300
1	2410001	2415000	2,413,128
979			3,342,570

CATEGORIES OF SHAREHOLDERS
As at June 30 , 2013

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
Directors, their Spouse(s) and Minor Children	9	2,621,883	78.44
Associated Companies, Undertakings and Related Parties	1	366,300	10.96
Public Sector companies & Corporations	4	122,603	3.67
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarbas and pension funds	3	14,747	0.44
Others	6	5,862	0.17
General Public	956	211,175	6.32
	979	3,342,570	100.00

Detail Categories of Shareholders
As At June 30,2013

	No. of Shareholders	Shares Held
DIRECTORS, THEIR SPOUSE(S) & MINOR CHILDREN		
Mr. Anwar Ahmed Tata (Chairman/Chief Executive)	1	2,413,128
Mr. Shahid Anwar Tata (Director)	1	184,030
Mr. Aijaz Ahmed Tariq (Director)	1	2,750
Mr. Adeel Shahid Anwar (Director)	1	8,720
Mr. Kausar Ejaz (Director)	1	2,750
Mr. Muhammad Naseem (Director)	1	2,500
Mr. Farooq Advani (Director)	1	2,505
Mrs. Parveen Anwar (W/o of Mr. Anwar Ahmed Tata)	1	2,750
Mrs. Saiqa Shahid (W/o of Mr. Shahid Anwar Tata)	1	2,750
	9	**2,621,883**
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
Island Textile Mills Ltd.	**1**	366,300
PUBLIC SECTOR COMPANIES AND CORPORATIONS		
Investment Corporation of Pakistan	1	16,750
IDBL (ICP Unit)	1	1,150
National Bank of Pakistan	1	58
National Bank of Pakistan Trustee Dept NI(U)T Fund	1	104,645
	4	**122,603**
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARBAS AND PENSION FUNDS		
Central Insurance Co. Ltd.	1	560
Guardian Modarba Management (Pvt.) Ltd.	1	4,620
Trustee National Bank of Pakistan Employee Pension Fund	1	9,567
	3	**14,747**
OTHERS		
The Administrator Abandoned Properties	1	5,390
Securities & Exchange Authority	1	1
Fateh Textile Mills Limited	1	55
Trustee National Bank of Pakistan Employee Benevolent Fund Trust	1	336
Fikree's (SMC-Pvt) Ltd.	1	60
Naseer Shahid Ltd.	1	20
	6	**5,862**
GENERAL PUBLIC		
Local	**956**	**211,175**
Grand Total	**979**	**3,342,570**

Shareholders Holding 5% or more As At June 30, 2013	**Shares Held**	**Percentage**
Mr. Anwar Ahmed Tata	2,413,128	72.19
Mr. Shahid Anwar Tata	184,030	5.51
Island Textile Mills Ltd.	366,300	10.96

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice 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 of the Company includes:

Category	Names
Independent Director	Mr. Muhammad Naseem
Executive Directors	Mr. Anwar Ahmed Tata Mr. Shahid Anwar Tata Mr. Farooq Advani
Non-Executive Directors	Mr. Adeel Shahid Anwar Mr. Aijaz Ahmed Tariq Mr. Kausar Ejaz

   The independent director meets the criteria of independence under clause i (b) of the CCG.

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. There has been no casual vacancy occurred 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 condition of employment of the Chief Executive and other executive and non-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 once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The Board arranged internally an orientation/training programs for its directors during year. The Board had also initiated the training of directors for certification program and two of the directors, Mr. Farooq Advani and Mr. Adeel Shahid Anwar has completed the Director’s Training Program and become the certified director from PICG (Pakistan Institute of Corporate Governance) and the remaining directors will acquire the required directors training certification within the time specified in Code, unless exempt there under.
10. The board has approved appointment of CFO, Comapany Secrecary and Head of Internal Audit including their remuneration and terms & conditions of employment. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year.
11. The directors’ report for the year ended June 30, 2013 has been prepared in compliance with the requirements of the Code of CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by chief executive and chief financial officer before approval of the Board.
13. The directors, chief executive and executives do not hold any interest in the share of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an audit committee. It comprises three members, of whom two are non-executive directors and chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG . The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two including the chairman of the committee, are non-executive directors.
18. The board has set-up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programmed of the Institute of Chartered Accountants of Pakistan (ICAP) that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by 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 exchanges
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all applicable other material principles enshrined in the CCG have complied with.

ON BEHALF OF THE BOARD OF DIRECTORS

ANWAR AHMED TATA
CHIEF EXECUTIVE

Karachi
Dated: September 16, 2013

NOTICE
of Annual General Meeting

Notice is hereby given that the **46th Annual General Meeting** of the Shareholders of **Salfi Textile Mills Limited** will be held on **Monday** the **October 21, 2013 at 2:00 P.M.** at **5th Floor Textile Plaza M.A. Jinnah Road Karachi,** to transact the following business: -

1. To confirm the minutes of the 45th Annual General Meeting held on October 19, 2012.
2. To receive, consider and adopt the report of the Directors and Auditors and Audited Accounts of the Company for the year ended June 30, 2013.
3. To appoint Auditors for the year 2013-14 and fix their remuneration. The retiring auditors M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants being eligible have offered themselves for reappointment.
4. To approve final cash dividend @ 20% (i.e. Rs.2.00 per share), in addition to the interim specie dividend in the form of shares of M/s Tata Textile Mills Limited already distributed in the ratio of 1000:1187 (i.e. for 1000 shares of Salfi Textile Mills Limited, 1187 shares of Tata Textile Mills Ltd.) for the year ended June 30, 2013 as recommended by the Board of Directors.
5. To elect Seven Directors of the Company as fixed by the Board for a term of three years in accordance with the provision of Section 178(1) of the Companies Ordinance 1984. Retiring Directors are;

i)	Mr. Anwar Ahmed Tata	ii)	Mr. Shahid Anwar Tata
iii)	Mr. Adeel Shahid Anwar	iv)	Mr. Aijaz Ahmed Tariq
v)	Mr. Muhammad Naseem	vi)	Mr. Farooq Advani
vii)	Mr. Kausar Ejaz		

The retiring Directors are eligible for re-election.

6. To transact any other business or businesses with the permission of the **Chairman.**

By order of the Board of Directors

Farooq Advani
Company Secretary

Karachi:
Dated: September 28, 2013

Notes:

1. The Share Transfer Books of the Company will remain closed from October 12, 2013 to October 21, 2013 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint proxy. Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her Original CNIC or Passport to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Any member who seeks to contest the election of the office of Director shall, file with the Company, not later than 14 days before the meeting at which elections are to be held a notice of his/her intention to offer him / herself for election as a Director. Declaration in accordance with the Listing Regulations along with consent to act as Director under section 184 of the Companies Ordinance, 1984 shall also be filed.
5. Shareholders are requested to notify the change of address, if any, immediately.
6. Members who have not yet submitted photocopies of their CNIC to the Company's Share Registrar, are requested to send the same at the earliest.

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

Phone: +92 (0) 21- 3454 6494-7
Fax: +92 (0) 21- 3454 1314
Web: www.deloitte.com

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH 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) for the year ended June 30, 2013 prepared by the Board of Directors of **Salfi Textile Mills Limited** (the Company) to comply with the Listing Regulations of the Karachi Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code 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 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's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal 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.

Further, sub regulation (x) Listing Regulations 35 notified by the Karachi Stock Exchange Limited require the Company to place before the Board of Directors for their consideration and approval, 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before audit committee. We are only required and have ensured compliance of the requirement to the extent of approval of related party transactions by the Board of Directors 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 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, 2013.

Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

KARACHI
DATED: September 16, 2013

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

Phone: +92 (0) 21- 3454 6494-7
Fax: +92 (0) 21- 3454 1314
Web: www.deloitte.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SALFI TEXTILE MILLS LIMITED** (the Company) as at June 30, 2013 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 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 said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

(b) in our opinion:

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required, and respectively give a true and fair view of the state of the Company's affairs
as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

KARACHI
DATED: September 16, 2013

Member of
Deloitte Touche Tohmatsu Limited

Financial Statements
for the Year Ended June 30, 2013

BALANCE SHEET

	Note	2013	2012
		.... Rupees	
SHARE CAPITAL AND RESERVES			
Share capital	3	**33,425,700**	33,425,700
Reserve	4	**755,605,937**	5,562,152
Unappropriated profit		**226,682,552**	845,382,737
		1,015,714,189	884,370,589
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	**1,080,131,115**	1,336,086,694
NON-CURRENT LIABILITIES			
Long-term finances	6	**634,119,588**	182,522,462
Deferred liabilities	7	**178,186,082**	252,502,478
CURRENT LIABILITIES			
Trade and other payables	8	**308,525,246**	284,009,054
Interest / mark-up accrued on borrowings	9	**32,702,740**	68,197,415
Short-term borrowings	10	**603,946,144**	314,495,590
Current portion of long-term finances	6	**48,129,097**	175,136,776
Taxation - income tax		**-**	45,877,316
		993,303,227	887,716,151
CONTINGENCIES AND COMMITMENTS	11		
		3,901,454,201	3,543,198,374

The annexed notes from 1 to 42 form an integral part of these financial statements.

AS AT JUNE 30, 2013

	Note	2013	2012
		.... Rupees	
NON-CURRENT ASSETS			
Property, plant and equipment	12	**2,356,478,239**	2,003,448,363
Intangible assets	13	**5,276,018**	5,332,338
Long-term investments	14	**416,767**	480,833,957
Long-term deposits		**462,570**	462,570
CURRENT ASSETS			
Stores, spares and loose tools	15	**34,569,648**	22,050,362
Stock in trade	16	**1,049,399,719**	642,292,240
Trade debts	17	**287,022,412**	238,579,273
Loans and advances	18	**80,906,472**	66,837,356
Trade deposits and short-term prepayments	19	**1,463,526**	1,834,075
Other receivables		**2,429,677**	493,126
Other financial assets	20	**17,211,737**	9,628,861
Sales tax refundable		**12,779,401**	15,396,914
Cash and bank balances	21	**53,038,015**	56,008,939
		1,538,820,607	1,053,121,146
		3,901,454,201	3,543,198,374

ANWAR AHMED TATA
CHAIRMAN/CHIEF EXECUTIVE

SHAHID ANWAR TATA
DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		.... Rupees	....
Sales	22	**3,925,774,310**	3,927,483,179
Cost of goods sold	23	**(3,243,405,331)**	(3,442,400,604)
Gross profit		**682,368,979**	485,082,575
Distribution cost	24	**(142,092,216)**	(96,618,261)
Administrative expenses	25	**(67,638,070)**	(53,316,486)
Other operating expenses	26	**(77,637,698)**	(23,564,971)
Finance cost	27	**(121,945,671)**	(150,579,475)
		(409,313,655)	(324,079,193)
Other income	28	**5,639,496**	7,991,454
Share of profit from associate - net of tax	14.1	**50,177,966**	9,474,922
		55,817,462	17,466,376
Profit before taxation		**328,872,786**	178,469,758
Taxation	29	**31,019,863**	(21,548,118)
Profit for the year		**359,892,649**	156,921,640
Other comprehensive income for the year:			
Unrealised gain on remeasurement of investment available-for-sale	14.2	**43,785**	95,678
Total comprehensive income for the year		**359,936,434**	157,017,318
Earnings per share - basic and diluted	30	**107.67**	46.95

The annexed notes from 1 to 42 form an integral part of these financial statements.

ANWAR AHMED TATA
CHAIRMAN/CHIEF EXECUTIVE

SHAHID ANWAR TATA
DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		.... Rupees	....
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**328,872,786**	178,469,758
Adjustments for :			
Depreciation of property, plant and equipment	12.2	**78,663,939**	78,023,995
Amortization	13.1	**1,156,321**	24,264
Provision for staff gratuity		**14,063,682**	12,925,736
Provision for compensated absences		**4,159,395**	3,693,043
Finance cost	27	**121,945,671**	150,579,475
Share of profit from associate	14.1	**(50,177,966)**	(9,474,922)
Loss / (gain) on disposal of property, plant and equipment		**22,845,936**	(2,711,829)
Operating cash flows before movements in working capital		**521,529,764**	411,529,520
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(12,519,286)**	(5,751,514)
Stock-in-trade		**(407,107,479)**	133,637,407
Trade debts		**(48,443,139)**	(91,687,543)
Loans and advances		**(7,495,830)**	3,429,982
Trade deposits and short-term prepayments		**370,549**	(896,421)
Other receivables		**(1,936,551)**	2,172,936
Other financial assets		**(7,582,876)**	(1,562,750)
Sales tax refundable		**2,617,513**	(5,208,184)
Increase/Decrease) in current liabilities			
Trade and other payables		**24,331,869**	(7,171,724)
Cash generated from operations		**63,764,534**	438,491,709
Finance cost paid		**(157,440,346)**	(142,045,894)
Income taxes paid		**(47,066,371)**	(35,164,761)
Staff gratuity and compensated absences paid		**(14,753,152)**	(10,334,890)
Net cash (used in) / generated from operating activities		**(155,495,335)**	250,946,164

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		.... Rupees	
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from associated company	14.1	**3,967,550**	11,902,500
Purchase of property, plant and equipment		**(515,364,845)**	(47,256,011)
Proceeds from disposal of property, plant and equipment	12.4	**60,825,092**	3,804,256
Purchase of Intangible assets		**(1,100,001)**	(1,919,425)
Long-term deposits		**-**	(167,670)
Net cash used in investing activities		**(451,672,204)**	(33,636,350)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finances obtained		**625,321,492**	17,135,979
Repayment of long-term finance		**(300,732,044)**	(186,503,707)
Proceed from / (repayment) of short-term borrowings		**133,029,616**	(54,850,053)
Dividend paid		**(9,843,387)**	(9,863,422)
Net cash generated from / (used in) financing activities		**447,775,677**	(234,081,203)
Net decrease in cash and cash equivalents A+B+C		**(159,391,862)**	(16,771,389)
Cash and cash equivalents at July 01		**(139,716,983)**	(122,945,594)
Cash and cash equivalents at June 30	31	**(299,108,845)**	(139,716,983)

The annexed notes from 1 to 42 form an integral part of these financial statements.

ANWAR AHMED TATA
CHAIRMAN/CHIEF EXECUTIVE

SHAHID ANWAR TATA
DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2013

			Reserves				
			Capital		Revenue		
	Note	Issued Subscribed and paid up Share capital	General Reserve	Other Reserve	Unrealised loss on investment available for sale	Unappropriated profit	Total
			Rupees				
Balance as at July 01, 2011		33,425,700	-	5,996,360	(529,886)	658,458,758	697,350,932
Comprehensive income							
Profit after taxation for the year ended June 30, 2012		-	-	-	-	156,921,640	156,921,640
Other comprehensive income		-	-	-	95,678	-	95,678
		-	-	-	95,678	156,921,640	157,017,318
Associate's share of surplus on revaluation transferred from of property, plant and equipment on account of: -incremental depreciation and disposal - net of deferred tax		-	-	-	-	9,438,082	9,438,082
Transferred from surplus on revaluation of property, plant and equipment on account of : -incremental depreciation - net of deferred tax		-	-	-	-	30,122,660	30,122,660
-disposal - net of deferred tax		-	-	-	-	469,307	469,307
	5.1	-	-	-	-	30,591,967	30,591,967
Transactions with owners							
Final cash dividend for the year ended June 30, 2011 @ Rs. 3 per share		-	-	-	-	(10,027,710)	(10,027,710)
Balance as at June 30, 2012		**33,425,700**	-	**5,996,360**	**(434,208)**	**845,382,737**	**884,370,589**
Comprehensive income							
Profit after taxation for the year ended June 30, 2013		-	-	-	-	359,892,649	359,892,649
Other comprehensive income		-	-	-	43,785	-	43,785
		-	-	-	43,785	359,892,649	359,936,434
Transfer from surplus on revaluation of property, plant and equipment on account of: -incremental depreciation - net of deferred tax		-	-	-	-	28,678,993	28,678,993
-disposal - net of deferred tax		-	-	-	-	55,363,173	55,363,173
	5.1	-	-	-	-	84,042,166	84,042,166
Transfer to general reserve		-	750,000,000	-	-	(750,000,000)	-
Transactions with owners							
Final cash dividend for the year ended June 30, 2012 @ Rs. 3 per share		-	-	-	-	(10,027,710)	(10,027,710)
Specie dividend	14.1	-	-	-	-	(130,927,500)	(130,927,500)
Change in value of investment due to specie dividend	14.1	-	-	-	-	(171,679,790)	(171,679,790)
		-	-	-	-	(302,607,290)	(302,607,290)
Balance as at June 30, 2013		**33,425,700**	**750,000,000**	**5,996,360**	**(390,423)**	**226,682,552**	**1,015,714,189**

The annexed notes from 1 to 42 form an integral part of these financial statements.

ANWAR AHMED TATA
CHAIRMAN/CHIEF EXECUTIVE

SHAHID ANWAR TATA
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1. GENERAL INFORMATION

1.1 Salfi Textile Mills Limited (the Company) was incorporated in Pakistan on January 05, 1968 as a public limited company under the Companies Act, 1913 as repealed by the Companies Ordinance, 1984 and is listed on Karachi Stock Exchange. The registered office of the Company is situated at 6th floor Textile Plaza, M.A. Jinnah Road, Karachi in the province of Sindh. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facilities are located at Landhi Industrial Estate, Karachi in the province of Sindh.

1.2 These financial statements are presented in Pak Rupees, which is the Company’s functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting 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 of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of preparation

The financial statements have been prepared under the historical cost convention modified by:-

- revaluation of certain property, plant and equipment
- recognition of certain staff retirement benefits at present value
- financial instruments at fair value

2.3 Adoption of New Standards, and Amendments and Interpretations to the published approved accounting standards:

During the year, the following standards, amendments to standards and interpretations including amendments to interpretations became effective, however, the application of these amendments and interpretations did not have material impact on the financial statements of the Company:

Standard or Interpretation	Effective for periods beginning on or after
IAS 1 - Presentation of Financial Statements (Amendment)	January 01, 2012
IFRS 7 - Financial Instruments Disclosures on transfer of assets	April 01, 2012

2.3.1 Standards, interpretations and amendments to the published approved accounting standards not yet effective

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

Standard or Interpretation	Effective for periods beginning on or after
IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information (Amendment)	January 01, 2013
IAS 16 - Property, Plant and Equipment Classification of servicing equipment (Amendment)	January 01, 2013
IAS 19 - Employee Benefits	January 01, 2013

The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. However, management has not performed detailed analysis of the impact of the application of the amendments and hence not yet quantified the extent of the impact.

IAS 32 - Financial Instruments: Presentation Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	January 01, 2014
IAS 32 - Financial Instruments: Presentation Offsetting financial assets and financial liabilities	January 01, 2014
IAS 34 - Interim Financial Reporting Interim reporting of segment information for total assets and total liabilities (Amendment)	January 01, 2013
IFRS 7 - Financial Instruments Disclosures - Offsetting financial assets and financial liabilities (Amendment)	January 01, 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been considered by the Company as the standards and their relevant amendments have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 – First Time Adoption of International Financial Reporting Standards
IFRS 9 – Financial Instruments
IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement
IAS 27 (Revised 2011) - Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11

2.4 The principal accounting policies adopted are set out below.

2.4.1 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance Lease

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Operating Lease

Rentals payable under operating leases are charged to profit and loss account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

2.4.2 Borrowing cost

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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.4.3 Staff retirement benefits

The Company has categorized its employees into workmen and non-workmen for post-employment benefits that comprise defined benefit plan and other staff retirement benefits. Both plans are un-funded. The details of plans are as follows:

Defined benefit plan

The Company operates a gratuity scheme for all its employees under workmen category who have completed the minimum qualifying period of service as defined under the respective scheme. Provisions are made to cover the obligations under the schemes on the basis of actuarial valuation and charged to income. The most recent valuation was carried out as at June 30, 2013 using "Projected Unit Credit Method".

The amount recognised in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses.

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceeds 10% of the present value of the Company's obligation is amortised over the average expected remaining working lives of the employees.

Details of the schemes are given in note 7.1 to these financial statements.

Other staff retirement benefits

The Company also maintains a retirement plan for all its employees under non-workmen category. Under this plan, every employee is entitled to receive benefit of one month salary based on last month of each year's service. The Company accounts for liability of each employee at year end and such liability is treated as full and final of that year. In future years, the liability amount is not revised for any increase or decrease in salary of any non-workmen.

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned.

2.4.4 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available if any or minimum taxation at rate of 0.5% percent of the turnover whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

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

2.4.5 Property, plant and equipment

Company owned

Property, plant and equipment except lease hold land, building and of plant and machinery are stated at cost less accumulated depreciation and impairment, if any.

Lease hold land, building and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less subsequent accumulated depreciation and impairment losses, if any. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the balance sheet date. Any revaluation increase arising on the revaluation of such assets is credited to 'Surplus on Revaluation of property, plant and equipment'. A decrease in the carrying amount arising on revaluation is charged to profit and loss account to the extent that it exceeds the balance, if any, held in the surplus on revaluation of property, plant and equipment relating to a previous revaluation of that assets.

The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related revalued assets is transferred by the Company to its unappropriated profit / accumulated loss.

Depreciation is charged to income applying the reducing balance method at the rates specified in the note 12. Depreciation on all additions in fixed assets is charged from the month in which the asset is available for use and on disposals upto the month of disposal.

Assets' residual values, if significant, and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the financial year in which they are incurred.

Gains or losses on disposal of assets, if any, are recognised as and when incurred.

Assets held under finance lease

Assets subject to finance lease are depreciated over their expected useful lives on the same basis as owned assets.

Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less any impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. Expenditures include borrowing costs as referred to in note 2.4.1. These are transferred to specific assets as and when assets are ready for their intended use.

2.4.6 Intangibles assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Definite life

Intangible asset with a finite useful life is amortised on a straight line basis over its useful life. Amortisation is charged to profit and loss account and amortization is charged on all additions from the month in which the asset is available for use and on disposals upto the month of disposal.

2.4.7 Investments

Regular way purchase or sale of investments

All purchases and sales of investments are recognised using settlement date accounting. Settlement date is the date that the investments are delivered to or by the Company.

Available for sale of Investments

Investment securities held by the Company which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognised at fair value plus transaction cost and subsequently re-measured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognised directly in the equity under fair value reserve until sold or otherwise disposed off or determined to be impaired at which time, the cumulative gain or loss previously recognised in equity is included in profit and loss account for the period.

The fair value is determined on the basis of year-end market rates quoted in Karachi Stock Exchange on last working day of the accounting year.

Held-to-maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held-to-maturity investments are initially recognized at fair value plus transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Derecognition

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

2.4.8 Investment in associates

Associates are entities over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of net assets of the associate after the date of acquisition.

The Company's share of profit or loss of the associate is recognised in the Company's profit or loss. Distributions received from associate reduces the carrying amount of the investment. Adjustment to the carrying amount are also made for changes in the Company's proportionate interest in the associate arising from changes in the associates' other comprehensive income or equity that have not been recognised in the associate's profit or loss. The Company's share of those changes is recognised in other comprehensive income or equity of the Company as appropriate.

2.4.9 Stores, spares and loose tools

These are valued at cost. The cost is determined on moving average basis less allowance for obsolete and slow moving items. Stores and spares in transit are stated at invoice values plus other charges incurred thereon upto balance sheet date.

2.4.10 Stock-in-trade

These are valued at lower of cost and net realizable value applying the following basis:

- Raw material - at moving average cost.
- Material in transit - at cost accumulated upto the date of balance sheet.
- Work-in-process - at average manufacturing cost.
- Finished goods - at average manufacturing cost.
- Waste - at net realizable value.

Upto June 30, 2012, the Company used to value stock in trade - raw material on weighted average cost. Had there been no change in the accounting policy, the closing value of stock in trade would have been lower by Rs. 1.01 million

Average manufacturing cost signifies, in relation to work in process and finished goods, the monthly average cost which consist of prime cost and appropriate manufacturing overheads.

Net realizable value (NRV) represents the estimated selling price at which the inventories can be realized in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the estimated costs necessary to make the sale.

Where NRV charge subsequently reverses, the carrying value of the inventory is also increased to the extent that the revised carrying value does not exceed the amount that would have been determined had no NRV charge been recognised. A reversal of NRV is recognised in profit and loss account.

2.4.11 Provisions

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

2.4.12 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

2.4.13 Foreign currencies

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translations of monetary assets and liabilities denominated in foreign currencies at balance sheet date are included in profit and loss account.

2.4.14 Financial Instruments

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

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.4.15 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.4.16 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Available-for-sale financial investments

For available-for-sale financial investments, the Company besides considering the criteria mentioned above assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from equity and recognised in the profit and loss account. Impairment losses on equity investments are not reversed through the profit and loss account; increases in their fair value after impairment are recognised directly in equity.

Non-financial assets

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.4.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

- Sales are recorded on dispatch of goods or on segregation of goods for delivery against confirmed customers' orders where risks and rewards are transferred to a customer.
- Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.
- Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.4.18 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value, and short-term running finance.

2.4.19 Trade and other payables

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

2.4.20 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved for distribution to shareholders.

2.4.21 Derivatives

'Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair values. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

2.4.22 Critical judgments and accounting estimates in applying the accounting policies

In the process of applying the Company's accounting policies, the management has not identified any area where significant judgments have been exercised which have material impact on the financial statements, except as mentioned below. Further, there are no key assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date that have significant risks of causing a material adjustment within the next financial year. The Company has used significant judgment and estimates in the following areas:

- Impairment in property, plant and equipment.
- Useful life of property, plant and equipment.
- Useful life of intangible assets.
- Provision for tax and deferred tax.
- Net realisable value of stock-in-trade.
- Staff retirement benefits.
- Contingencies

3. SHARE CAPITAL

2013	2012		Note	2013	2012
Number of Shares				...... Rupees	
		Authorised			
5,000,000	**5,000,000**	Ordinary shares of Rs.10/- each		**50,000,000**	**50,000,000**
		Issued, subscribed and paid-up capital			
		Ordinary shares of Rs. 10 each fully paid :			
2,000,000	2,000,000	In cash		**20,000,000**	20,000,000
1,038,700	1,038,700	Other than cash against loan		**10,387,000**	10,387,000
303,870	303,870	As bonus shares		**3,038,700**	3,038,700
3,342,570	3,342,570			**33,425,700**	33,425,700

3.1 There were no movements during the reporting year.

3.2 The company has one class of Ordinary shares which carries no right to fixed income. The holders are entitled to receive dividend from time to time and are entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets.

3.3 Following shares were held by an associate of the company as at the balance sheet date.

	2013	2012
	Number of Shares of Rs. 10 each	
Island Textile Mills Limited	**366,300**	366,300

3.4 The company has no reserved shares for issuance under options and sales contracts

4. RESERVE

	Note	2013	2012
		...Rupees...	
General reserve		750,000,000	-
Other reserve	4.1	5,996,360	5,996,360
Unabsorbed loss on value of investment available-for-sale		(390,423)	(434,208)
		755,605,937	5,562,152

4.1 This represents the remission of principal amount payable to associated undertaking and directors in term of revival package in the year 1983.

5. SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - NET OF DEFERRED TAX

This represents surplus over book value resulting from the revaluation of free hold land, building, plant and machinery of book own assets and company's share in investment is associate.

	Note	Own assets	Company's share in investment in associate	Total 2013	Total 2012
		...Rupees...			
Balance at July 1, 2012		1,249,971,441	224,064,102	**1,474,035,543**	1,492,345,453
Transferred to unappropriated profit on account of:					
-incremental depreciation - net of deferred tax		(28,678,993)	(6,088,551)	**(34,767,544)**	(38,392,389)
-disposal - net of deferred tax		(55,363,173)	-	**(55,363,173)**	(1,637,660)
Related deferred tax liability		(11,995,048)	-	**(11,995,048)**	(7,234,740)
Effect of valuation of property, plant and equipment		-	-	**-**	28,954,879
		(96,037,214)	(6,088,551)	**(102,125,765)**	(18,309,910)
Balance at June 30, 2013		1,153,934,227	217,975,551	**1,371,909,778**	1,474,035,543
Related deferred tax liability					
Opening balance		115,542,438	22,406,411	**137,948,849**	194,250,685
Adjustment due to change in					
- income subject to FTR	**5.1**	(26,446,991)	-	**(26,446,991)**	(51,962,584)
- normal tax rate		(3,297,287)	-	**(3,297,287)**	-
Transferred to profit and loss account on account of:					
-incremental depreciation - net of deferred tax		(4,093,252)	-	**(4,093,252)**	(6,956,720)
-disposal - net of deferred tax		(7,901,796)	-	**(7,901,796)**	(278,020)
Effect of valuation of property, plant and equipment		-	-	**-**	2,895,488
Closing balance		(73,803,112)	(22,406,411)	**(96,209,523)**	(137,948,849)
Derecognition on recognition of specie dividend		-	(195,569,140)	**(195,569,140)**	-
		1,080,131,115	-	**1,080,131,115**	1,336,086,694

5.1 This represents the reversal of opening deferred tax liability balance due to the revision of deferred tax rate from 16.82% to 12.49% to incorporate the effect of charge in proportion of export sales to local sales which fall under Final Tax Regime (FTR).

	Note	**2013**	2012
		.... Rupees	
6. LONG-TERM FINANCES			
From banking companies and other financial institutions - secured			
Term finance	6.1	**676,715,418**	184,747,805
Export oriented projects	6.2	**3,473,000**	18,106,000
Vehicle loans	6.3	**2,060,267**	3,138,766
Demand finances		-	76,666,667
		682,248,685	282,659,238
From related parties-unsecured			
An Associate	6.4	**-**	65,000,000
Directors	6.5	**-**	10,000,000
		682,248,685	357,659,238
Less: Current portion			
Term finance		**(45,025,750)**	(101,023,850)
Export oriented projects		**(2,318,000)**	(11,908,000)
Vehicle loans		**(785,347)**	(1,093,814)
Demand finances		**-**	(51,111,112)
Directors		-	(10,000,000)
		(48,129,097)	(175,136,776)
		634,119,588	182,522,462

6.1 The facility is obtained from a banking company which is secured against 1st / joint pari passu charge on all present and future fixed assets and specific charge over imported machinery. The facility is subject to mark-up at the rate of 6 month KIBOR plus 1.00 % to 1.25 % per annum (2012: 3 months/ 6 months KIBOR plus 1.25 % to 2 % per annum) with half yearly payments. This finance is repayable in 6 to 10 installments commencing from April 2006. The aggregate unavailed long-term finance facility available amounting to Rs. 95.4 million (2012: Rs. 275 million).

6.2 The facility is obtained from banking company which is secured against first specific charge over imported machinery i.e. slub devices for 30 Million. This finance is subject to markup at 9.7% (2012: 7%) per anum and is repayable in 8 equal half yearly installments commencing from May 2011.

6.3 This represent finance obtained from a banking company which is secured against vehicles acquired from such loans and guarantee of the Company. This finance is subject to mark-up at the rate of 13% (2012: 13 %) per annum and is repayable in 60 equal monthly installments ending on August 2016.

6.4 During the year, company has fully paid this unsecured loan obtained from Tata Energy Limited (an associated undertaking). The loan was subject to mark-up at the rate 6 months' average KIBOR plus 1.5% per annum (2012: 6 months' average KIBOR plus 1.5% per annum) repriced quarterly.

6.5 This represents unsecured loans of Rs. 15 million obtained from sponsor directors which was subject to markup at the rate of 6 months KIBOR plus 1.5% (2012: 6 months KIBOR plus 1.5%) per annum repriced quarterly. The loan has been paid off during the year.

	Note	2013	2012
		.... Rupees	
7. DEFERRED LIABILITIES			
Staff gratuity	7.1	**37,626,397**	33,883,846
Compensated absences		**1,899,459**	2,172,085
Deferred taxation	7.2	**138,660,226**	216,446,547
		178,186,082	252,502,478
7.1 Staff gratuity			
Workmen - Defined benefit plan	7.1.1	**8,529,957**	8,628,875
Non-workmen - Other staff retirement benefits	7.1.3	**29,096,440**	25,254,971
		37,626,397	33,883,846

7.1.1 Workmen - Defined benefit plan

7.1.1.1 Liability recognised in the balance sheet-

	2013	2012
Present value of defined benefit obligation	**14,189,982**	11,837,100
Unrecognized actuarial loss	**(5,660,025)**	(3,208,225)
	8,529,957	8,628,875
Expense recognised in the profit and loss account		
Current service cost	**5,761,810**	4,695,638
Interest cost	**1,028,003**	1,487,447
Actuarial loss recognized	**337,419**	252,574
	7,127,232	6,435,659
Present value of the defined benefit obligation		
Opening defined benefit obligation	**11,837,100**	10,624,624
Current service cost	**5,761,810**	4,695,638
Interest cost	**1,028,003**	1,487,447
Actuarial loss	**2,789,219**	630,321
Benefits paid	**(7,226,150)**	(5,600,930)
Closing defined benefit obligation	**14,189,982**	11,837,100
Movement in defined benefit plan		
Opening balance	**8,628,875**	7,794,146
Charge for the year	**7,127,232**	6,435,659
Paid during the year	**(7,226,150)**	(5,600,930)
Closing balance	**8,529,957**	8,628,875

	2013	2012
The principal assumptions used in the valuation of gratuity (Workmen - Defined benefit plan) are as follows:		
Discount rate (% per annum)	**11.5**	**12.5**
Expected rate of salary increase (% per annum)	**11.5**	**12.5**

Amounts for the current and previous four years are as follows:

	2013	2012	2011	2010	2009
			...... Rupees		
Defined benefit obligation	**8,529,957**	8,628,875	7,794,146	5,560,006	5,121,738
Experience adjustments on obligation					
Present value of obligation	**14,189,982**	11,837,100	10,624,624	8,036,723	8,978,638
Actuarial (loss) / gain on obligation	**(2,789,219)**	**(630,321)**	**(562,892)**	**1,051,401**	(1,740,618)

7.1.2 There is no plan assets against defined benefit obligation.

	Note	2013	2012
		...... Rupees	
7.1.3 Non-workmen - Other staff retirement benefits			
Opening balance		**25,254,971**	19,950,437
Charge for the year		**6,936,450**	6,476,184
Paid during the year		**(3,094,981)**	(1,171,650)
Closing balance		**29,096,440**	25,254,971

7.2 Deferred taxation

		Deferred tax recognised in		
	Opening balance	Profit and Loss Account	Surplus on Revaluation of Assets	Closing Balance
		...... Rupees		
Movement for the year ended June 30, 2013				
Deferred tax liabilities on taxable temporary differences arising in respect of :				
- Property, plant and equipment - owned asset	61,399,863	17,235,613	-	78,635,476
- Investment in associate	45,046,033	(22,639,622)	(22,406,411)	-
- Surplus on revaluation of property, plant and equipment	115,542,438	(11,995,048)	(29,744,278)	73,803,112
- Unrealized gain on forward contract	158,602	(158,602)	-	-
	222,146,936	(17,557,659)	(52,150,689)	152,438,588
Deferred tax assets on deductible temporary differences arising in respect of :				
- Staff gratuity	(5,700,389)	998,298	-	(4,702,091)
- Unrealized loss on forward contract	-	(270,599)	-	(270,599)
- Tax credit	-	(8,805,672)	-	(8,805,672)
	216,446,547	**(25,635,632)**	**(52,150,689)**	**138,660,226**

Movement for the year ended June 30, 2012	Opening balance	Deferred tax recognised in: Profit and Loss Account	Deferred tax recognised in: Surplus on Revaluation of Assets	Closing Balance
	....	Rupees	....	
Deferred tax liabilities on taxable temporary differences arising in respect of :				
- Property, plant and equipment - owned assets	75,855,926	(14,456,063)	-	61,399,863
- Investment in associate	42,393,307	(242,762)	2,895,488	45,046,033
- Surplus on revaluation of property, plant and equipment	173,691,087	(6,186,065)	(51,962,584)	115,542,438
	291,940,320	(20,884,890)	(49,067,096)	221,988,334
Deferred tax assets on deductible temporary differences arising in respect of :				
- Stock in trade NRV write off	(19,073,841)	19,073,841	-	-
- Staff gratuity	(6,658,700)	958,311	-	(5,700,389)
- Unrealised gain on forward contracts	-	158,602	-	158,602
	266,207,779	(694,136)	(49,067,096)	216,446,547

8. TRADE AND OTHER PAYABLES

	Note	2013	2012
		.... Rupees	....
Creditors		**35,468,994**	26,408,629
Bills Payable		**3,616,200**	12,999,600
Accrued liabilities	8.1 & 8.2	**221,607,973**	211,777,740
Advances from customers		**535,858**	94,994
Workers' Profit Participation Fund	8.3	**15,031,130**	9,194,532
Workers' Welfare Fund	8.4	**27,219,734**	21,207,282
Other financial liabilities	8.5	**2,165,350**	-
Withholding income tax		**1,090,387**	520,953
Sales tax payable		**611,548**	-
Unclaimed dividend		**910,200**	725,877
Others		**267,872**	1,079,447
		308,525,246	284,009,054

8.1 This includes Rs. 109,312,264 and Nil (2012: Rs.104,833,379 and Rs. 19,716,700) payable to associated undertaking in respect of power charges and capital expenditure respectively.

8.2 This include Rs. 38.09 million provision for Sindh Development and Infrastructure Fee and Duty which was levied by the Excise and Tax Department on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. The levy was initially challenged by the Company along with other companies in the High Court of Sindh after which several proceedings were held. Currently the petition is filed in the High Court and through the interim order passed on May 31, 2011 the High Court of Sindh has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. The management is confident for a favorable outcome however, as a matter of prudence Company has paid Rs. 38.07 million (50%) of the value of infrastructure fee in cash and recorded liability for the remaining amount which is supported by a bank guarantee.

8.3 Workers' Profit Participation Fund	Note	**2013**	2012
		.... Rupees	
Opening balance		**9,194,532**	24,524,330
Allocation during the year		**15,031,130**	9,194,532
Interest on funds utilized in the Company's business	27	**884,187**	4,583,235
		25,109,849	38,302,097
Amount paid to the fund		**(10,078,719)**	(29,107,565)
Closing balance		**15,031,130**	9,194,532

8.3.1 interest on fund is charged @ 22.5% (2012: 22.5%) per annum

8.4 Workers' Welfare Fund

The amendments introduced in the Worker's Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) was challenged by the Company with several other companies in the Sindh High Court (the Court). During the year, the Court has decided the said petitions and held that the amendments do not suffer from any constitutional or legal infirmity. During the year the demand of Rs. 15.92 million has been raised by inland revenue department against which the company has filed an appeal challenging such impositions.

8.5 This represent provision for loss on remeasurment of foreign currency forward contracts at fair value as on the balance sheet date in respect of YEN 15.49 million.

9. INTEREST / MARK-UP ACCRUED ON BORROWINGS	**2013**	2012
Long-term finance	.... Rupees	
- from banking companies	**17,784,989**	10,228,494
- from an associate	**-**	40,334,028
- from directors	**-**	9,661,248
Short-term borrowings	**14,917,751**	7,973,645
	32,702,740	68,197,415

10. SHORT-TERM BORROWINGS	Note	2013	2012
		.... Rupees	....
From banking companies - secured			
Running finance / cash finance	10.1	**352,146,860**	195,725,922
Finance against import / export	10.2	**251,799,284**	118,769,668
	10.3	**603,946,144**	314,495,590

10.1 These facilities are secured against First pari-passu hypothecation charge over all present and future current assets of the company pledge of Raw cotton stock, pledge will be replaced with pari passu charge on stocks and receivables of the company with 25% margin amounting to Rs. 333.33 million. These are subject to markup at the rate ranging from 3 months KIBOR plus 0.7% to 1% (2012: 3 months KIBOR plus 0.6% to 1%) per annum.

10.2 These arrangements are secured against 2nd ranking hypothecation charge over movables and Pledge of imported cotton. These facilities are subject to markup at 3 months KIBOR plus 1% (2012: 3 Month KIBOR plus 1%) per annum.

10.3 Total facilities available from various commercial banks is Rs.1,795 million (2012: Rs. 1,395 million) from which the aggregate unavailed short term borrowings facilities available amount to Rs. 1,191 million (2012: Rs. 1,081 million).

11. CONTINGENCIES AND COMMITMENTS	Note	2013	2012
		.... Rupees	....
Contingencies	11.1		
Commitments			
Civil works		**10,004,757**	406,004
Letters of credit for stock		**-**	157,524,748
Letters of credit for stores		**25,367,918**	2,013,742
Bank guarantees	11.2	**90,165,872**	40,700,000
Bills discounted		**212,454,509**	321,470,629
Outstanding sales contract		**124,953,720**	189,752,764
Forward contracts		**15,490,700**	137,242,750

11.1 There is no contingency outstanding against the company as at year end

11.2 This include bank guarantee related to infrastructure cess amounting to Rs. 49.1 million (2012: Rs. 30 million). Refer Note 8.2.

	Note	2013	2012
		...Rupees...	

12. PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012
Operating assets	12.1	2,310,455,609	1,998,528,125
Capital work in progress	12.5	46,022,630	4,920,238
		2,356,478,239	2,003,448,363

12.1 Operating Assets

Particulars	Note	Cost / revaluation at July 01, 2012	Additions during the year	Disposals during the year	Cost / revaluation at June 30, 2013	Accumulated depreciation and impairment at July 01, 2012	Depreciation for the year	Disposals	Accumulated depreciation and impairment at June 30, 2013	Written down value at June 30, 2013	Rate %
		...Rupees...									
Land - lease hold		564,000,000	-	-	564,000,000	-	-	-	-	564,000,000	-
Buildings on lease hold land											
-Factory		240,988,902	2,075,403	-	243,064,305	12,049,445	11,507,507	-	23,556,952	219,507,353	5
-Non factory		118,900	-	-	118,900	76,289	4,260	-	80,549	38,351	10
Office premises		450,000	-	-	450,000	404,456	4,554	-	409,010	40,990	10
Plant and machinery		1,198,271,542	461,191,502	(90,331,417)	1,569,131,627	59,718,402	57,772,695	(7,730,720)	109,760,377	1,459,371,250	5
Airconditioner, gas and electric installations		37,414,494	-	-	37,414,494	22,679,419	1,473,509	-	24,152,928	13,261,566	10
Factory equipment		8,157,341	1,249,487	-	9,406,828	4,576,519	410,124	-	4,986,643	4,420,185	10
Furniture and fixtures		12,681,804	485,557	-	13,167,361	2,841,426	1,010,036	-	3,851,462	9,315,899	10
Office equipment		15,535,881	2,043,100	-	17,578,981	7,065,618	1,921,614	-	8,987,232	8,591,749	10-30
Leasehold improvements		19,716,700	-	-	19,716,700	164,306	1,955,239	-	2,119,545	17,597,155	10
Vehicles		27,720,659	7,217,405	(6,837,060)	28,101,004	16,952,218	2,604,401	(5,766,726)	13,789,893	14,311,111	20
June 30, 2013		2,125,056,223	474,262,454	(97,168,477)	2,502,150,200	126,528,098	78,663,939	(13,497,446)	191,694,591	2,310,455,609	

- For comparative figures

Particulars	Cost / revaluation at July 01, 2011	Additions during the year	Disposals during the year	Adjustment of Accumulated depreciation	Cost / revaluation at June 30, 2012	Accumulated depreciation and impairment at July 01, 2011	Depreciation for the year	Disposals	Adjustment of Accumulated depreciation	Accumulated depreciation and impairment at June 30, 2012	Written down value at June 30, 2012	Rate %
	Rupees											
Land- lease hold	564,000,000	-	-	-	564,000,000	-	-	-	-	-	564,000,000	-
Buildings on lease hold land												
-Factory	240,988,902	-	-	-	240,988,902	-	12,049,445	-	-	12,049,445	228,939,457	5
-Non factory	118,900	-	-	-	118,900	71,555	4,734			76,289	42,611	10
Office premises	450,000	-	-	-	450,000	399,395	5,061	-	-	404,456	45,544	10
Plant and machinery	1,180,741,811	23,089,193	(5,559,462)	-	1,198,271,542	4,800,688	59,727,837	(4,810,123)	-	59,718,402	1,138,553,140	5
Airconditioner, gas and electric installations	45,891,284	-	(8,476,790)	-	37,414,494	29,518,978	1,637,231	(8,476,790)	-	22,679,419	14,735,075	10
Factory equipment	9,020,893	142,500	(1,006,052)	-	8,157,341	5,197,896	384,675	(1,006,052)	-	4,576,519	3,580,822	10
Furniture and fixtures	7,161,715	7,848,134	(2,328,045)	-	12,681,804	4,875,443	294,028	(2,328,045)	-	2,841,426	9,840,378	10
Office equipment	13,849,422	6,221,580	(4,535,121)	-	15,535,881	10,469,691	1,131,048	(4,535,121)	-	7,065,618	8,470,263	10-30
Leasehold improvements	1,346,681	19,716,700	(1,346,681)	-	19,716,700	1,346,681	164,306	(1,346,681)	-	164,306	19,552,394	10
Vehicles	24,601,234	5,430,923	(2,468,498)	157,000	27,720,659	16,294,999	2,625,630	(2,022,757)	54,346	16,952,218	10,768,441	20
June 30, 2012	2,088,170,842	62,449,030	(25,720,649)	157,000	2,125,056,223	72,975,326	78,023,995	(24,525,569)	54,346	126,528,098	1,998,528,125	

		Note	2013	2012
			.... Rupees	
12.2	**Depreciation for the year has been allocated as under:**			
	Cost of goods manufactured	23.1	**72,539,861**	74,915,104
	Administrative expenses	25	**6,124,078**	3,108,891
			78,663,939	78,023,995

12.3 Revaluation of free hold land, building and plant and machinery had been carried out in 1994, 2003, 2005 (land only), 2008 and 2011 by independent professional valuers M/s. Iqbal A. Nanjee & Co. on the basis of market value or depreciated replacement values as applicable. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment account to comply with the requirement of Section 235 of the Companies Ordinance, 1984. Had there been no revaluation, the related figures of lease hold land, buildings and plant and machinery at June 30, 2013 would have been as follows :

	.... June 30, 2013			.... June 30, 2012		
	Cost	**Accumulated Depreciation**	**Written down value**	**Cost**	**Accumulated Depreciation**	**Written down value**
	....Rupees..					
Land - Lease hold	963,387	-	963,387	963,387	-	963,387
Building on Lease hold land	158,456,103	66,684,332	91,771,771	156,380,700	61,899,752	94,480,948
Plant and machinery	1,331,836,079	335,626,861	996,209,218	908,700,724	322,623,903	586,076,821
	1,491,255,569	402,311,193	1,088,944,376	1,066,044,811	384,523,655	681,521,156

12.4 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceed	Mode of disposal	Particulars of buyers
	..................Rupees..................					
Machinery	130,065	7,018	123,047	500,000	Negotiation	Altaf Engineering Company Kot Amir Shah,G.T.Road,Okara
Machinery	3,272,100	215,413	3,056,687	4,500,000	Negotiation	A.G.Textile Mills 67, Sadhar Bypass Chowk
Machinery	387,197	28,556	358,641	375,000	Negotiation	J.Sons Industries Plot NO.120.sector-27,Korangi Industrial Area Karachi
Machinery	2,268,666	179,166	2,089,500	3,105,000	Negotiation	Ashraf & Company Plot NO.2.sector-29,Korangi Industrial Area Karachi
Machinery	883,683	65,172	818,511	1,550,000	Negotiation	H-A Haq Spinning Mills (Private) Limited P-912, Montgomery Bazar,Faisalabad
Machinery	1,090,700	84,756	1,005,944	2,450,000	Negotiation	Amin Traders B-59/2 Qazafi Town Landhi Industrial Area Karach
Machinery	12,887,454	1,079,385	11,808,069	4,385,000	Negotiation	Choti Textile Mills limited 6 KM,Jampur Road,Dera Ghazi Khan
Machinery	750,278	61,273	689,005	650,000	Negotiation	Ihsan Cotton Products (Private) Limited 801-A,City Towers,Main Boulevard,Gulberg II Lahore
Machinery	387,197	33,154	354,043	400,000	Negotiation	Taimor Textile Industries Plot no.02.sector 6-b, Industrial Area North Karachi
Machinery	44,086,675	3,816,171	40,270,504	25,540,000	Negotiation	Subhan Fibres Limited 5/295, Sarwar Road, Lahore Cantt Lahore
Machinery	370,368	31,713	338,655	206,896	Negotiation	Mr.Muhammad Shahid House No.62, Block Korangi 4, Sector 35-B, Karachi East
Machinery	1,266,745	108,465	1,158,280	2,000,000	Negotiation	Sun Star Trading F-422, SITE Karachi
Machinery	11,960,170	1,071,432	10,888,738	7,500,000	Negotiation	Ghulam Rasool Textile Mills 32-K Opp.Madni Ghee Mill,Sheikhupura Road,Faisalabad
Machinery	5,177,910	463,855	4,714,055	2,200,000	Negotiation	Akbar Ali & Brothers (Private) Limited M II E,178, Block-C Jinnah Road,Shershah S.I.T.E.Karachi
Machinery	1,318,348	118,102	1,200,246	825,000	Negotiation	Areeha private limited 2Km Faisalabad Road,Chiniot
Machinery	233,866	20,950	212,916	1,000,000	Negotiation	Awais Qumi Spinning (Private) Limited 1- Tata Factory Area,Faisalabad City
Machinery	3,859,995	346,140	3,513,855	1,495,000	Negotiation	Wanher Textile Mills (Private) Limited 10 K.M.Jarainwala Road, Faisalabad
Vehicle	2,684,580	2,085,196	599,384	1,317,600	As per company policy	Mr.Tariq Haroon Dada - Employee
Vehicle	980,000	656,644	323,356	392,000	As per company policy	Mr.Shakeel-ur-Rehman - Employee
Vehicle	3,000,000	2,946,407	53,593	325,000	Negotiation	Mr.Abdul Waheed Khan D-31, Hassan Lodge,F.B.Area,Block-7 Karachi
Vehicle	52,490	36,102	16,388	19,996	As per company policy	Mr.S.Zulfiqar Zaidi - Employee
Vehicle	52,990	35,771	17,219	21,600	As per company policy	Mr.Hijab Khan - Employee
Vehicle	67,000	6,608	60,392	67,000	Claim	EFU General Insurance limited
June 30, 2013	97,168,477	13,497,449	83,671,028	60,825,092		
June 30, 2012	25,720,649	24,525,569	1,195,080	3,804,256		

	Note	2013	2012
		.... Rupees	
12.5 Capital work in Progress			
Civil work		**41,550,015**	2,319,772
Capital inventory items		**1,452,594**	1,996,464
Machinery and electric installations		**3,020,021**	604,002
		46,022,630	4,920,238

13. INTANGIBLE ASSETS

	Note	2013	2012
License fee	13.1	**363,974**	461,034
ERP software	13.1	**4,912,044**	-
Capital work in progress		**-**	4,871,304
		5,276,018	5,332,338

13.1 License Fee & ERP software

Particular	COST			AMORTIZATION			Book Value	
	As at July 01, 2012	Additions	As at June 30, 2013	As at July 01, 2012	Charge for the year	As at June 30, 2013	As at June 30, 2013	Rate of Amorization
	....................Rupees....................							
License fee	485,300	-	485,300	24,266	97,060	121,326	363,974	20%
ERP software	-	5,971,304	5,971,304	-	1,059,260	1,059,260	4,912,044	20%
Total	**485,300**	**5,971,304**	**6,456,604**	**24,266**	**1,156,320**	**1,180,586**	**5,276,018**	

For comparative period	COST			AMORTIZATION			Book Value
	As at July 01, 2011	Additions	As at June 30, 2012	As at July 01, 2011	Charge for the year	As at June 30, 2012	As at June 30, 2012
	.... Rupees						
License fee	-	485,300	485,300	-	24,266	24,266	461,034

14. LONG-TERM INVESTMENTS

	Note	2013	2012
		.... Rupees	
Investment in a associate	14.1	**-**	480,460,975
Investment -available-for-sale	14.2	**416,767**	372,982
		416,767	480,833,957

	Note	2013	2012
		.... Rupees	
14.1 Investment in a associate - at equity method			
- TATA Textile Mills Limited			
Opening balance		**480,460,975**	453,933,674
Movement upto March 31, 2013 :			
Share of profit from associate - net of tax		**50,177,966**	9,474,922
Dividend received		**(3,967,550)**	(11,902,500)
Share of effect of valuation of fixed assets carried out at year end		**-**	32,907,512
Share of adjustment in deferred tax due to income subject to FTR		**-**	(3,952,633)
		46,210,416	26,527,301
Movement on derecognition of investment as specie dividend :			
Net loss on derecognition		**(171,679,790)**	-
Reversal of surplus on revaluation of property, plant and equipment		**(224,064,101)**	-
Distribution at fair market value		**(130,927,500)**	-
		(526,671,391)	-
Closing balance	14.1.1	**-**	480,460,975

	2013	2012
Number of shares held	**-**	3,967,500
Cost of investments (Rupees)	**-**	30,000,000
Ownership interest	**-**	22.90%

14.1.1 During the year, the Company distributed its investment in shares of TATA Textile Mills Limited (TTML) - an associated undertaking as a specie dividend. The distribution was made in the ratio of 1000 : 1187 i.e. 1187 shares of TTML is given on every 1000 shares of Salfi Textile Mills Limited. The dividend was declared on May 28, 2013 in the meeting of Board of Directors and the share register was closed from June 12, 2013 to June 19, 2013. The transaction do not fall under the scope of IFRIC 17 “Distribution of Non-cash Assets to Owners” as the control of the entity remains with the same parties before and after the distribution and the transaction has been recognised in statement of changes in equity. The fair value of dividend and loss borne by the Company has been shown seprately. Fair market value of the share at the time of reopening of share register was Rs. 33 per share (total Rs. 130,927,500/-).

Financial figures of TTML has been derived from latest available interim financial information for the quarter ended March 31, 2013. Summary of which is as under:

	March 31, 2013	June 30, 2012
	.... Rupees	
Total assets	**5,594,004,000**	3,781,960,304
Total liabilities	**3,294,130,000**	1,683,876,907
Sales for the period / year ended	**3,502,347,000**	5,186,235,261
Profit for the period / year ended	**219,115,000**	41,375,205

14.1.2 The market value of investment is Rs. Nil (2012 : Rs.84 million).

14.2 Investment - Available-for-sale	Note	2013	2012
		.... Rupees	
Opening balance		**372,982**	277,304
Unrealised gain on remeasurement		**43,785**	95,678
Closing balance		**416,767**	372,982

14.2.1 This represents investment in 162,166 ordinary shares of Rs.10 each (2012: 162,166 ordinary shares) in Samba Bank Limited.

	Note	2013	2012
15. STORES, SPARES AND LOOSE TOOLS		.... Rupees	....
Stores and spares	15.1	**34,543,066**	21,930,629
Loose tools		**26,582**	119,733
		34,569,648	22,050,362

15.1 It includes spare parts in transit amounting to Rs. 5.8 million (2012 : Rs.1.903 million).

	Note	2013	2012
16. STOCK-IN-TRADE			
Raw material	16.1	**847,153,628**	349,501,951
Work-in-process		**26,795,868**	21,676,740
Finished goods		**172,756,783**	268,670,794
Waste		**2,693,440**	2,442,755
		1,049,399,719	642,292,240

16.1 It includes raw material in transit amounting to Nil (2012 : Rs. 26.3 million).

	Note	2013	2012
17. TRADE DEBTS			
-considered good			
Export - secured	17.1	**11,875,632**	5,428,500
Local - unsecured		**275,146,780**	233,150,773
		287,022,412	238,579,273

17.1 These are secured against letters of credit in favour of the Company.

17.2 Trade debts are non-interest bearing and are generally on 3 to 120 (2012: 3 to 120) days terms.

17.3 Trade debts include debtors with a carrying amount of Rs. 64.11 million (2012 : Rs. 83.69 million) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

	Note	2013	2012
		.... Rupees	....
17.4 Ageing of past due but not impaired			
0-30 days		**44,771,769**	75,288,417
31-90 days		**18,407,767**	8,403,876
91 and above days		**933,304**	-
		64,112,840	83,692,293

	Note	2013	2012
18. LOANS AND ADVANCES			
- considered goods			
Due from employees		**2,469,664**	2,430,926
Advance to suppliers		**5,666,215**	3,283,095
Advance income tax		**66,629,761**	60,056,475
Advance against letters of credit		**6,140,832**	1,066,860
		80,906,472	66,837,356

		Note	2013	2012
			.... Rupees	
19.	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Deposits		**22,825**	22,826
	Short-term prepayments		**1,440,701**	1,811,249
			1,463,526	1,834,075
20.	**OTHER FINANCIAL ASSETS**			
	Investments held-to-maturity	20.1	**17,211,737**	8,686,111
	Unrealized gain on revaluation of forward contracts	8.5	**-**	942,750
			17,211,737	9,628,861

20.1 This represent term deposit receipts held for a period of 6 months with a markup rate of 10.25 % (2012: 12.5%) per annum.

		Note	2013	2012
			.... Rupees	
21.	**CASH AND BANK BALANCES**			
	Cash at bank			
	In current accounts		**51,805,974**	53,983,481
	In savings accounts	21.1	**670,953**	1,211,028
			52,476,927	55,194,509
	Cash in hand		**561,088**	814,430
			53,038,015	56,008,939

21.1 Effective markup rate is 6% (2012: 6%) per annum.

		Note	2013	2012
22.	**SALES- net**			
	Export			
	-Yarn		**1,122,385,293**	1,203,295,380
	-Yarn (indirect export)		**1,454,720,977**	1,219,100,465
			2,577,106,270	2,422,395,845
	Local			
	-Yarn		**1,332,529,536**	1,467,445,882
	-Raw material		**62,624**	13,450,931
	-Waste		**26,706,081**	35,364,698
			1,359,298,241	1,516,261,511
			3,936,404,511	3,938,657,356
	Discount		**(10,630,201)**	(11,174,177)
			3,925,774,310	3,927,483,179
23.	**COST OF GOODS SOLD**			
	Cost of goods manufactured	23.1	**3,147,690,084**	3,182,302,458
	Finished goods			
	Opening stock		**271,113,549**	517,664,907
	Closing stock	16 & 23.2	**(175,450,223)**	(271,113,549)
			95,663,326	246,551,358
	Cost of manufactured goods		**3,243,353,410**	3,428,853,816
	Cost of raw material sold		**51,921**	13,546,788
			3,243,405,331	3,442,400,604

	Note	2013	2012
		.... Rupees	
23.1 Cost of goods manufactured			
Raw material consumed	23.1.1	**2,454,893,341**	2,557,804,872
Packing material consumed		**52,514,270**	50,550,841
Stores and spares consumed		**50,703,413**	45,625,848
Power and fuel		**287,333,758**	253,930,720
Salaries, wages and benefits	23.1.2	**197,218,483**	161,997,380
Depreciation	12.2	**72,539,861**	74,915,104
Insurance		**11,687,848**	7,735,543
Repairs and maintenance		**6,095,464**	4,144,172
Other overheads		**19,822,774**	12,437,679
		3,152,809,212	3,169,142,159
Work-in-process			
Opening stock		**21,676,740**	34,837,039
Closing stock	16	**(26,795,868)**	(21,676,740)
		(5,119,128)	13,160,299
		3,147,690,084	3,182,302,458
23.1.1 Raw material consumed			
Opening stock		**323,226,099**	190,843,788
Purchases - net		**2,978,820,870**	2,690,187,183
		3,302,046,969	2,881,030,971
Closing stock	16	**(847,153,628)**	(323,226,099)
		2,454,893,341	2,557,804,872

23.1.2 Salaries, wages and benefits include Rs. 11.4 million (2012 : Rs. 10.3 million) in respect of staff retirement benefits.

23.2 It includes waste stock amounting to Rs. 2.69 million (2012 : Rs. 2.44 million).

	Note	2013	2012
		.... Rupees	
24. DISTRIBUTION COST			
Brokerage and commission		**60,572,450**	31,502,452
Export expenses		**31,248,486**	23,651,552
Local freight and handling		**29,780,041**	22,383,593
Sea freight		**10,594,509**	13,785,326
Staff salaries and benefits	24.1	**6,092,214**	3,827,240
Others		**3,804,516**	1,468,098
		142,092,216	96,618,261

24.1 Staff salaries and benefits include Rs. 0.48 million (2012 : Rs. 0.28 million) in respect of the staff retirement benefits.

	Note	2013	2012
		.... Rupees	
25. ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	25.1	**34,459,459**	29,023,575
Depreciation	12.2	**6,124,078**	3,108,891
Directors' remuneration		**4,217,000**	3,579,120
Legal and professional		**3,415,912**	2,671,415
Rent rates and taxes		**3,028,920**	-
Fees and subscription		**2,824,959**	3,077,265
Utilities		**1,816,946**	1,674,545
Traveling and conveyance		**1,760,117**	2,141,714
Vehicles running		**1,687,632**	1,254,246
Printing and stationery		**1,512,357**	474,935
Postage and telephone		**1,379,719**	1,379,231
Amortization	13.1	**1,156,321**	24,266
Auditors' remuneration	25.3	**1,130,000**	900,000
Donation	25.2	**1,000,000**	1,512,875
Repairs and maintenance		**778,117**	652,175
Insurance		**488,611**	637,733
Advertisement		**81,056**	19,500
Other		**776,866**	1,185,000
		67,638,070	53,316,486

25.1 Staff salaries and benefits include Rs. 2.14 million (2012 : Rs. 2.33 million) in respect of the staff retirement benefits.

25.2 None of the directors or their spouse had any interest in the donee's fund.

25.3 Auditors' remuneration

	Note	2013	2012
		.... Rupees	
Audit fee		**650,000**	500,000
Other remuneration as auditor			
- Half yearly review fee		**75,000**	40,000
- Other services		**360,000**	360,000
- For COCG Review		**25,000**	-
- CDC certification fee		**20,000**	-
		1,130,000	900,000

	2013	2012
26. OTHER OPERATING EXPENSES		
Workers' Profit Participation Fund	**15,031,130**	9,194,532
Workers' Welfare Fund	**6,012,452**	3,829,882
Realized loss on forward contracts	**15,786,478**	623,159
Exchange loss - net	**14,853,602**	9,917,398
Unrealised loss on revaluation of forward contracts	**3,108,100**	-
Loss on disposal of property, plant and equipment	**22,845,936**	-
	77,637,698	23,564,971

		Note	2013	2012
			.... Rupees	
27.	**FINANCE COST**			
	Interest / mark-up on :			
	Long-term finance			
	- from banking companies		**30,283,703**	52,238,628
	- from an associated company		**719,262**	9,267,282
	- from directors		**219,476**	1,427,570
	Short-term borrowings		**70,437,926**	60,444,252
	Workers' Profit Participation Fund	8.3	**884,187**	4,583,235
	Letters of credits' discounting charges		**12,763,829**	19,623,657
	Bank charges and guarantee commission		**6,637,288**	2,994,851
			121,945,671	150,579,475
28.	**OTHER INCOME**			
	Income from financial assets			
	Profit on saving accounts		**402,736**	307,981
	Profit on term deposits		**989,660**	961,544
	Unrealized gain on revaluation of forward contracts		-	942,750
			1,392,396	2,212,275
	Income from assets other than financial assets			
	License income		**4,247,100**	3,067,350
	Gain on disposal of property, plant and equipment		**-**	2,711,829
			5,639,496	7,991,454
29.	**TAXATION**			
	Current			
	- for the year		-	45,877,316
	- for prior year		**(5,384,231)**	(23,635,062)
	Deferred			
	- for the year	7.2	**(25,635,632)**	(19,767,977)
	- for prior year		-	19,073,841
			(31,019,863)	21,548,118

29.1 TAXATION

The numerical reconciliation between the tax expense and accounting profit has not been presented for the current and comparative year in these financial statements as the total income of the Company for the current and comparative year attracted minimum tax under Section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

30. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2013	2012
Profit for the year	**Rupee**	**359,892,649**	156,921,640
Weighted average number of ordinary shares outstanding during the year	**No. of shares**	**3,342,570**	3,342,570
Earnings per share	**Rupee**	**107.67**	46.95

	Note	2013	2012
		...... Rupees	
31. CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**53,038,015**	56,008,939
Short-term running finances	10.1	**(352,146,860)**	(195,725,922)
		(299,108,845)	(139,716,983)

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	...... 2013				...... 2012			
	Chief Executive	Directors		Executives	Chief Executive	Directors		Executives
		Executive	Non-Executive			Executive	Non-Executive	
	......Rupees......							
Meeting fees	**20,000**	**45,000**	**105,000**	**-**	11,000	22,000	29,000	-
Remuneration	**4,047,000**	**-**	**-**	**24,813,308**	3,519,120	-	-	21,565,800
Bonus / Ex-gratia	**373,820**	**-**	**-**	**2,240,096**	293,260	-	-	1,797,150
Retirement benefits	**373,820**	**-**	**-**	**2,240,096**	325,060	-	-	1,797,150
Leave encashment	**-**	**-**	**-**	**1,120,048**	-	-	-	898,575
Utilities	**1,171,315**	**-**	**-**	**-**	1,284,228	-	-	-
	5,985,955	**45,000**	**105,000**	**30,413,548**	5,432,668	22,000	29,000	26,058,675
No. of person	**1**	**3**	**3**	**20**	1	3	3	13

32.1 The Chief Executive and Executive Directors are also entitled for use of car owned and maintained by the Company.

	2013	2012
33. PLANT CAPACITY AND ACTUAL PRODUCTION		
Number of spindles installed	36,324	36,324
Number of spindles worked	36,324	36,324
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count-kgs	12,357,535	12,357,535
Actual production of yarn after conversion into 20/s count-kgs	11,123,403	12,577,644

34. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2013 and 2012 respectively are as follows:

	2013	2012
Average number of employees during the year	**1220**	1192
Number of employees as at June 30	**1171**	1200

35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per greed terms. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Remuneration of key management personnel is disclosed in note 32 and amount due in respect of staff retirement benefits is disclosed in note 7. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2013	2012
		.... Rupees	
Associated undertakings	Purchase of power	**287,126,368**	253,568,510
	Sale of goods	**-**	174,000
	Purchase of goods / property, plant and equipment	**15,427,169**	111,622,884
	Share of expenses paid	**100,728**	1,006,378
	Share of expenses received	**2,171,747**	2,703,346
	Mark-up on long term loan paid	**41,053,290**	-
	Mark-up on long term loan expense	**719,262**	9,267,282
	Dividend received	**3,967,500**	11,902,500
	Dividend paid	**1,098,900**	1,098,900
	License income	**4,247,100**	3,067,350
	Long term loans paid	**65,000,000**	-
	Share of capital expenditure		
	Office renovation	-	19,716,700
	Specie dividend	**14,349,570**	-
Directors	Rent expense	**2,721,690**	765,780
	Long term loans repaid	**10,000,000**	-
	Mark-up on long term loan	**8,892,651**	1,427,570
Other	Paid to Worker Profit Participation fund	**10,078,719**	29,107,565

36. FINANCIAL RISK MANAGEMENT

36.1 The Company's principal financial liabilities comprise long-term financing, short-term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has trade debts, loans and advances, other receivables, cash and bank balances and short-term deposits that arrive directly from its operations. The Company also holds available-for-sale investment.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, and price risk), credit risk and liquidity risk.

36.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs. 363.1 million (2012: Rs. 307.9 million), the financial assets which are subject to credit risk amounted to Rs. 362.5 million (2012: Rs. 307.1 million).

The Company is exposed to credit risk from its operating activities (primarily for trade debts and loans and advances) and from its investing activities, including deposits with banks and financial institutions and other financial instruments. The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating. The names and credit rating of major banks where the Company maintains its bank balances are as follows

	Credit rating	
Name of bank	**Short-term**	**Long-term**
Soneri Bank Limited	A1+	AA-
Habib Metropolitan Bank Limited	A1+	AA+
Habib Bank Limited	A-1+	AA+
Bank of Punjab	A1+	AA-

36.2.1 Credit risk related to receivables

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable , where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

36.3 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. 51% of the Company's debt will mature in less than one year at June 30, 2013 (2012: 73%) based on the carrying value of borrowings reflected in the financial statements.

36.3.1 Liquidity and interest risk table

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Interest rate	Less than 1 month	1 - 3 months	3 months - 1 year	Over - 1 year	Total
	%	....	....	Rupees	....	....
2013						
Long-term finance	**9.7%-13%**	**4,999,654**	**38,852,541**	**8,315,946**	**630,080,544**	**682,248,685**
Interest / mark-up accrued on borrowings		**20,673,563**	**1,669,568**	**8,433,514**	**1,926,095**	**32,702,740**
Short-term borrowings	**Three months KIBOR plus 0.6 % to 1%**	**-**	**352,146,860**	**251,799,284**	**-**	**603,946,144**
Trade and other payables		**35,574,456**	**159,236,571**	**28,428,552**	**41,122,869**	**264,362,447**
		61,247,673	**551,905,540**	**296,977,295**	**673,129,508**	**1,583,260,017**

	Interest rate	Less than 1 month	1 - 3 months	3 months - 1 year	Over - 1 year	Total
	%	....	....	Rupees	....	....
2012						
Long-term finance	7%-15.78%	9,095,872	7,089,911	187,906,092	201,648,401	405,740,276
Interest / mark-up accrued on borrowings		751,647	60,806,470	6,639,298	-	68,197,415
Short-term borrowings	Three months KIBOR plus 0.6 % to 1%	-	-	314,495,590	-	314,495,590
Trade and other payables		59,282,912	163,958,308	29,790,387	-	253,031,607
		69,130,431	231,854,689	538,831,367	201,648,401	1,041,464,888

36.4 Market risk management

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

36.4.1 Interest rate risk management

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will effect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account other financing options available.

36.4.2 Interest rate sensitivity

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Company's profit for the year ended June 30, 2013 would increase / decrease by Rs. 9.49 million (2012: Rs. 6.51 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

36.4.3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However, the Company is not materially exposed to foreign currency risk on assets and liabilities. As at June 30, 2013, financial assets include Rs. 34.44 million (2012: Rs. 19.77 million) and financial liabilities include Rs. 18.50 million (2012: Rs. 46.90 million) which are subject to foreign currency risk against US Dollars.

36.4.4 Foreign currency sensitivity analysis

At June 30, 2013, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 1.59 million (2012 : Rs. 2.71 million), mainly as a result of foreign exchange gains / losses on translation of foreign currency trade debts, US Dollar cash in bank and US Dollar denominated borrowings.

36.4.5 Equity price risk management

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

36.5 Determination of fair values

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

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

36.6 Financial instruments by category

The accounting policies for financial instruments have been applied for line items below

	Loans and Receivable	Held to maturity	Available for sale	Total
	....................Rupees....................			
Assets as per balance sheet - June 30, 2013				
Deposits	**485,395**	**-**	**-**	**485,395**
Trade debts	**287,022,412**	**-**	**-**	**287,022,412**
Other receivables	**2,429,677**	**-**	**-**	**2,429,677**
Cash and bank balances	**53,038,015**	**-**	**-**	**53,038,015**
Other financial assets	**-**	**17,211,737**	**-**	**17,211,737**
Loans and advances	**2,469,664**	**-**	**-**	**2,469,664**
Long-term investment	**-**	**-**	**416,767**	**416,767**
	345,445,163	**17,211,737**	**416,767**	**363,073,667**

	Loans and Receivable	Held to maturity	Available for sale	Total
	....................Rupees....................			
Assets as per balance sheet - June 30, 2012				
Deposits	485,396	-	-	485,396
Trade debts	238,579,273	-	-	238,579,273
Other receivables	493,126	-	-	493,126
Cash and bank balances	56,008,939	-	-	56,008,939
Other financial assets	-	9,628,861	-	9,628,861
Loans and advances	2,430,926	-	-	2,430,926
Long-term investment	-	-	372,982	372,982
	297,997,660	9,628,861	372,982	307,999,503

	Financial Liabilities measured at amortized cost	
	2013	2012
	.... Rupees	
Liabilities as per balance sheet		
Long-term finance	**682,248,685**	357,659,238
Trade and other payables	**264,572,447**	253,086,287
Short-term borrowings	**603,946,144**	314,495,590
Interest / markup accrued on borrowings	**32,702,740**	68,197,415
	1,583,470,016	993,438,530

36.7 Fair value hierarchy

The fair values of the financial instruments have been analysed in various fair value levels as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
Investment available for sale	**416,767**	-	-	**416,767**

- For Comparative figure

	Level 1	Level 2	Level 3	Total
Investment available for sale	372,982	-	-	372,982

37. CAPITAL DISCLOSURE

The objectives of the Company when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The capital structure of the Company consists of shareholders' equity and surplus on revaluation of property, plant and equipment. Shareholders' equity consist of share capital and unappropriated profit. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares. The Company's overall strategy remains unchanged from 2012.

The Company is not subject to any externally imposed capital requirements.

Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity i.e., share capital and unappropriated profits.

The debt-to-adjusted capital ratio at June 30, 2012 and June 30, 2013 were as follows:

	2013	2012
	.... Rupees	
Total debts	1,286,194,829	672,154,828
Less: Cash and bank balances	(53,038,015)	(56,008,939)
Net debt	1,233,156,814	616,145,889
Total equity	1,015,714,189	884,370,589
Adjusted capital	2,248,871,003	1,500,516,478
Debt-to-adjusted capital ratio	0.55	0.41

38. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive of the Company has been identified as the chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments.

Chief Executive considers the business as a single operating segment as the Company's assets allocation decisions are based on a single, integrated business strategy, and the Company's performance is evaluated on an overall basis.

39. SUBSEQUENT EVENTS

The Board of Directors at their meeting held on September 16, 2013 have proposed a dividend of Rs. 2 per share (2012: Rs. 3 per share) for the year ended June 30, 2013, amounting to Rs. 6.69 million (2012: Rs. 10.03 million), subject to the approval of members at the annual general meeting to be held on October 21, 2013.

40. NON CASH TRANSACTION

During the year, the company distributed its investment in TATA Textile Mills Limited - an associated undertaking as a specie dividend.

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorised for issue on . September 16, 2013.

42. GENERAL

Figures have been rounded off to the nearest rupee.

ANWAR AHMED TATA
CHAIRMAN/CHIEF EXECUTIVE

SHAHID ANWAR TATA
DIRECTOR

FORM OF PROXY
SALFI TEXTILE MILLS LIMITED

I / We ____

of ____________________ being a member(s) of **SALFI TEXTILE MILLS LIMITED** registered

at Folio No. ____________________ holder of ____________________

ordinary shares hereby appoint Mr./Mrs./Miss. ____________________

who is also a member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 46th Annual General Meeting of the Company at 5th Floor Textile Plaza, M.A. Jinnah Road, Karachi on Monday, October 21, 2013 at 2:00 pm or at any adjournment thereof.

As witness my/our hand this ____________________ day of 2013

signed by the said ____________________ in the presence of

1. Witness:

Signature ____________________

Name ____________________

Address ____________________

Affix Revenue Stamps of Rs.5/-

____
Signature of Member

2. Witness:

Signature ____________________

Name ____________________

Address ____________________

Shareholder's Folio No. ____________________

CDC Participant I.D/Sub A/c # ____________________

CNIC No. | | | | | | | | | | | | | | | |

NOTES:

1. Proxies, in order to be effective, must be receives at the Company's Registered Office 6th Floor Textile Plaza, M.A. Jinnah Road, Karachi, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. Signature must agree with the specimen signature registered with the Company.

3. An individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC/Passport to prove his/her identity, and in case of proxy must enclose additionally an attested copy of his/her CNIC/Passport. Representative of corporate members should bring the original usual documents required of such purpose.

4. No person shall act as proxy unless he is a member of the Company.

2013

TATA

SALFI TEXTILE MILLS LIMITED

HEAD OFFICE :
6th Floor, Textile Plaza,
M.A. Jinnah Road, Karachi-74000
Ph : 3241-2955-3 Lines, 3242-6761-2-4 Fax : (92-21) 3241-7710
E-Mail : stm.corporate@tatatex.com

MILLS :
HX-1, Landhi Industrial Area,
Karachi-74000, Pakistan.

www.tatatex.com