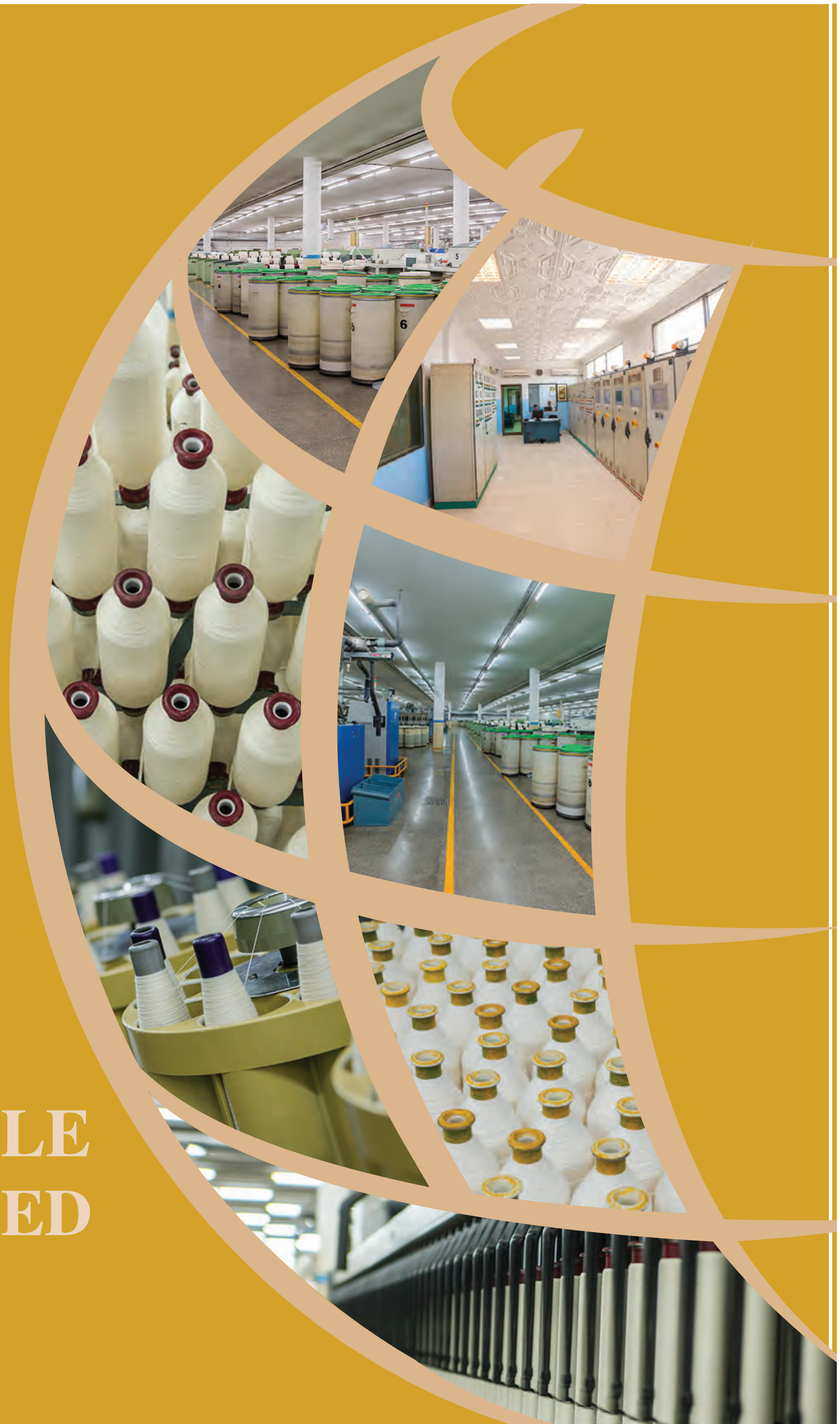
TATA
PAKISTAN



SALFI TEXTILE MILLS LIMITED

Annual Report 2016

CONTENT

COMPANY INFORMATION

BOARD OF DIRECTORS	
CHAIRMAN:	Mr. Anwar Ahmed Tata
CHIEF EXECUTIVE:	Mr. Adeel Shahid Anwar Tata
DIRECTORS:	Mr. Shahid Anwar Tata Mr. Aijaz Ahmed Tariq Mr. Bilal Shahid Anwar Mr. Muhammad Naseem Sheikh Kausar Ejaz
AUDIT COMMITTEE	
CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Bilal Shahid Anwar Sheikh Kausar Ejaz
SECRETARY	Mr. Owais Ahmed Abbasi
HUMAN RESOURCE & REMUNERATION COMMITTEE	
CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Adeel Shahid Anwar Tata Mr. Bilal Shahid Anwar
SECRETARY	Mr. Umar Khawajah
COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:	Mr. Farooq Advani
BANKERS:	Dubai Islamic Bank (Pakistan) Limited Bank Alfalah Limited Meezan Bank Limited Habib Metropolitan Bank Limited The Bank of Punjab MCB Bank Limited National Bank of Pakistan Soneri Bank Limited Allied Bank Limited Bank Islami Pakistan Limited JS Bank Limited Askari Bank Limited Industrial Commercial Bank of China (ICBC) Limited
AUDITORS:	M/s. Deloitte Yousuf Adil Chartered Accountants
LEGAL ADVISOR:	Ameen Bandukda & 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.

ICA Membership Certificate 2015

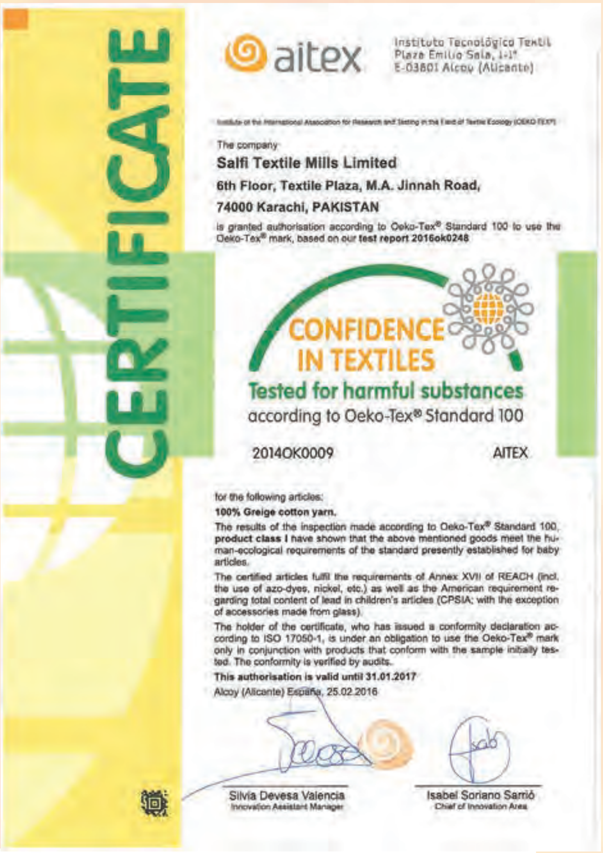
This is to certify that

Salfi Textile Mills Ltd

is a member of the International Cotton Association

Jordan Lea
President, International Cotton Association

www.ica-ltd.org
t: +44 151 236 6041
e: info@ica-ltd.org



CERTIFICATE

aitex

Instituto Tecnológico Textil
Plaza Emilio Sala, 1-1°
E-03801 Alcoy (Alicante)

Institute of the International Association for Research and Testing in the Field of Textile Ecology (OEKO-TEX®)

The company

Salfi Textile Mills Limited

6th Floor, Textile Plaza, M.A. Jinnah Road,

74000 Karachi, PAKISTAN

is granted authorisation according to Oeko-Tex® Standard 100 to use the Oeko-Tex® mark, based on our **test report 2016ok0248**

CONFIDENCE IN TEXTILES

Tested for harmful substances

according to Oeko-Tex® Standard 100

2014OK0009 AITEX

for the following articles:

100% Greige cotton yarn.

The results of the inspection made according to Oeko-Tex® Standard 100, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the standard presently established for baby articles.

The certified articles fulfil the requirements of Annex XVII of REACH (incl. the use of azo-dyes, nickel, etc.) as well as the American requirement regarding total content of lead in children's articles (CPSIA; with the exception of accessories made from glass).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the Oeko-Tex® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

This authorisation is valid until 31.01.2017

Alcoy (Alicante) España, 25.02.2016

Silvia Devesa Valencia
Innovation Assistant Manager

Isabel Soriano Sarrió
Chief of Innovation Area

COTTON USA

COTTON COUNCIL INTERNATIONAL

CERTIFIES THAT

Salfi Textile Mills Ltd.

IS A CERTIFIED

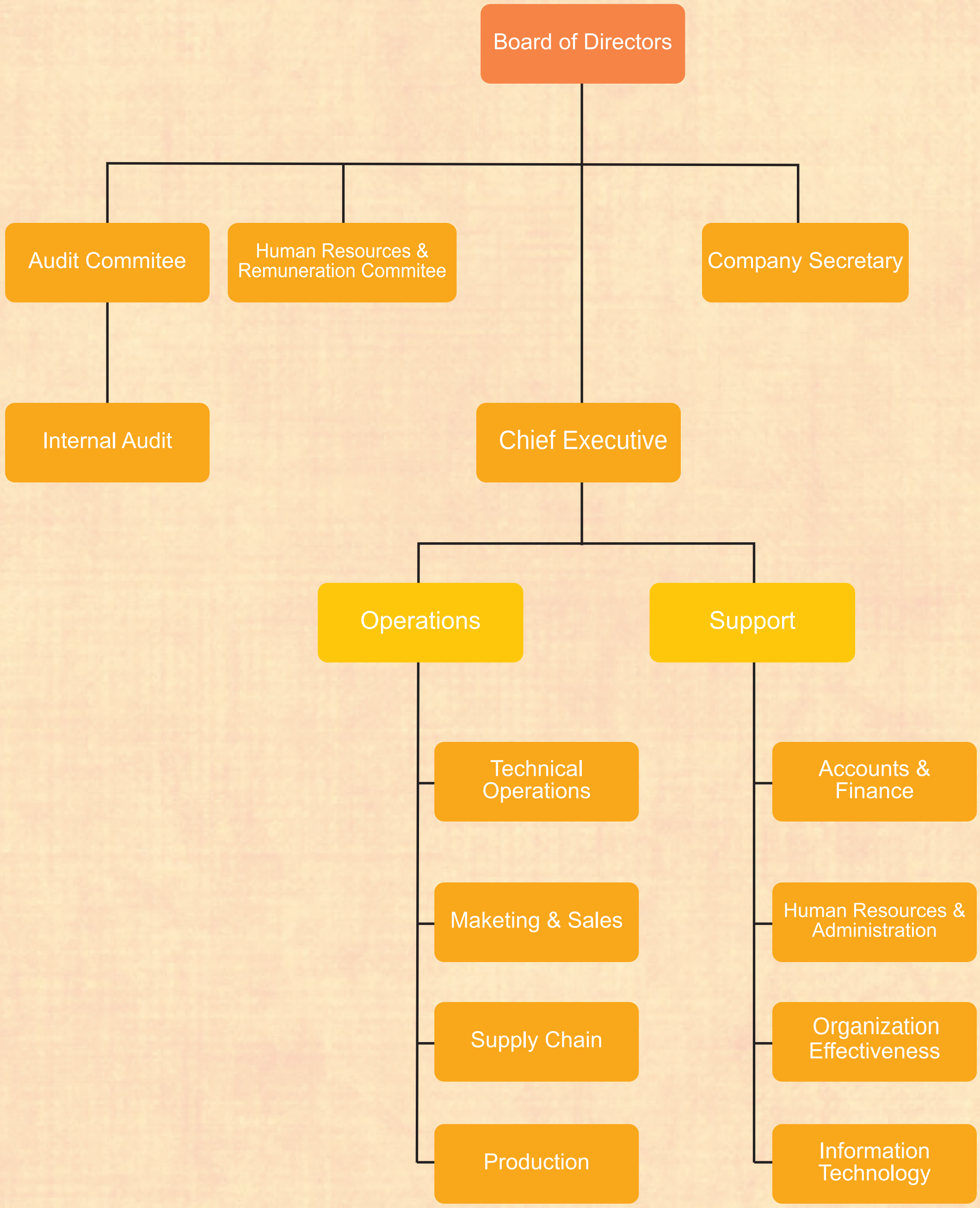
COTTON USA LICENSEE

This licensee has complied with the necessary licensing requirements and has been granted the right to use CCI's registered trademark on all qualifying labels, print and promotional materials for one calendar year from the date of the certificate.

Issued this 1st day of January 2015

Manager, Global Operations
Cotton Council International

Organization Chart



CHAIRMAN'S REVIEW

Assalam-o-Alaikum,

As Chairman of Salfi Textile Mills Limited, I am pleased to present the Annual Audited Accounts along with the auditor's report, thereon, for the year ended June 30, 2016. During the period under review, the financial results of the organization are not encouraging, as the Company has incurred a pretax loss of Rs.379.809 Million.

TEXTILE INDUSTRY

I have been in business for a very long time and I have never experienced a Government so indifferent and insensitive to the plight of exporting Industry as the current incumbent Government. The Textile Industry in Pakistan is the largest Manufacturing Sector and the second largest employment generating Sector and contributes around 60% in Foreign Exchange earnings through Exports but due to Government's apathy and indifference the Textile Mills are closing and Export is declining.

All Pakistan Textile Mills Association (APTMA) have also emphasized that every day one Textile Mill is closing down and Exports have drastically declined from US$.25.110 Billion (in 2013-2014) to US$.20.802 Billion, (in 2015-2016), that is, a reduction of 17%.

The revenue boost declared by the Government from PKR.1.9 trillion to PKR.3.1 trillion since last 3 years is not due to increase in the number of tax payers but mostly on account of increase in rate of taxes and Withholding Taxes.

Reasons for the dismal performance of your Company is due to the enormous burden of Taxes, surcharges and duties, details as mentioned below.

1. **Exorbitant Taxes paid by the Company**

   During the year under review, the Company contributed around PKR.140 Million towards the National Exchequer on account of various government levies, such as, Withholding Taxes, Sales Tax, Infrastructure Cess, SRB on Services, Custom Duties, Cotton Cess, Textile Cess, Social Security, Income Tax, EOBI, Education Cess and Revenue Stamp.

2. **Raw Cotton and Fiber**

   The consumption of Cotton is more than production of Cotton in Pakistan, which results in the Mills buying Cotton at Import Parity. However, since last two years the Government has imposed punitive duties on import of basic Raw Material, thus rendering the Cotton more expensive and making the exportable goods more costly. Even during the current year there is a reduction of 20% in Cotton cultivation areas, hence, creating a shortfall of 3 to 5 Million bales in the current year.

   The Government has imposed punitive duties on import of Fiber, just to protect and subsidized the local Fiber producers in Pakistan for the last 30 years, yet they have failed to become world class efficient, thus, rendering the entire textile chain unable to export.

3. **Appreciation of Pakistani Rupee**

   With regard to the currency change versus US$, from the year 2013 to 2015, the Pakistani Rupee has appreciated by 3%, whereas, the Indian Rupee has depreciated by 8.1%, Bangladesh by 0.6 percent, Sri Lanka by 9.3% and China by 5.1%, making it extremely difficult to compete in the International Market. It is estimated by the Economist that Pakistani Rupee is over-valued by more than 20%.

4. **Cost of Labor**

   As compared to the regional countries, i.e. Vietnam, Sri Lanka, Bangladesh and India, Pakistan has become the most expensive country in terms of labor, as the minimum wage per month in Pakistan is US$.135 as compare to US$.90 in Vietnam, US$.66 in Sri Lanka, US $.68 in Bangladesh, and US$.90 in India.

5. **Cost of Power**

   We are paying the highest tariff for Power as compared to the regional countries. The electricity tariff for textile industry in Pakistan is around 11 cents/kilowatt hour as compared to 7 cents in Vietnam, 9 cents in Sri Lanka, 7.3 cents in Bangladesh, 8.5 cents in China and 9 cents in India. The gas tariff, is $8/MMBTU in Pakistan against $4.5 in Vietnam, $3 in Bangladesh, $6 in China and $4.2 in India

We support APTMA's appeal to the Government for urgent remedial measures for survival of the Textile Industry, such as:

- Anomalies with regard to Zero Rating should be resolved on priority.
- Removal of 1.25%Cess collection by the Provisional Government on Textile Raw Material.
- Removal of 5% Sales Tax on import of Cotton.
- Removal of 4% Custom Duty.
- Removal of Gas Infrastructure Development Cess (GIDC) and reduction in Gas Tariff in line with Regional competing Countries.
- Removal of all surcharges on Electricity Tariff
- Provision of DLTL (Drawback of Local Taxes & Levies) @ 5% against export of Yarns.
- Turnover Tax be abolished for the next 5 years
- Inclusion of Long Term Financing Facility (LTFF) in indirect Exports.

Information Technology

Your company has state of art information technology infrastructure and is committed to stay updated with the growing needs and global technologies advancements. Your company is aligning the business and IT in order to fully benefit in a significant and persistent way for data management through ERP. Since last few years, throughout the organization, the world renowned tear one level Oracle EBS based Enterprise Resource Planning – ERP Solution has been rolled out, covering Financials, Supply Chain Management and Oracle Discreet Manufacturing process automation along with other Oracle based customized and integrated modules of Quality Management System and in house developed payroll. Business Intelligences, HRMS and Enterprise Asset Management is potential part of the Corporate Future Strategy. The Group is embraced with state of the art deployment of Network Infrastructure, placement of disaster recovery plan – DRP and business communication over secure medium.

The ERP facilitates information flow between all business functions, and ensure availability of secured / integrated information to its stakeholders all over, and it ensures the smooth flow of centralized reliable information in real-time to all key stakeholders resulting in lucrative process management, data consolidation and ultimately the right decision making.

Human Resource Development

Your company's management is committed towards development of its people and has put substantial efforts that a continuous learning environment exist within the Company.

A corporate culture is maintained that encourage creativity, independence strengthening of technical and leadership skills. Learning interventions at your Company includes preparing selected young and potential leaders. During the year, we have conducted in-house and external trainings covering areas of quality control, safety and health, leadership and core management skills development.

Your Company has a consistent Performance Management Review Process that ensures employee's performance is fairly recognized and improved career paths are developed for the talented employees. We have zero tolerance policy for unethical business practices or individual behavior.

Going Forward

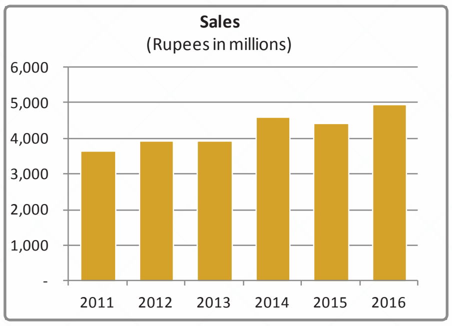
Our commitment to quality is very high; therefore, most of our investments have remained in quality and product diversification. We are planning to add TFOs at Salfi Textile Mill to produce plied yarns.

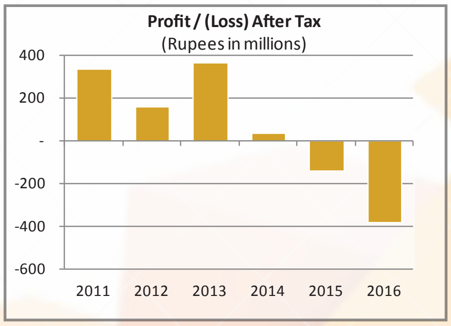
ACKNOWLEDGMENT

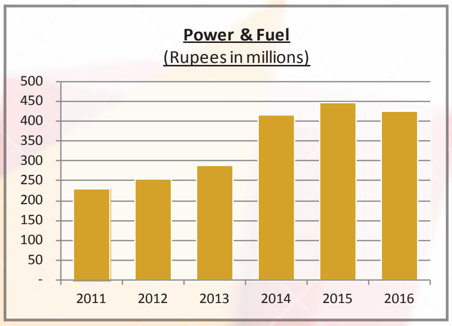
We sincerely acknowledge and appreciate the untiring endeavors of our various teams who are constantly engaged in upholding their commitment to make this organization surpass all the benchmarks of quality and productivity set by the giants of the Industry. As a team we stand highly grateful towards our vendors, bankers and business associates for standing by us during the crests and toughs of the business and socioeconomic conditions all around. Above all, we would like to extend highest order gratitude towards our customers who have continued to value and rely their credence in our product line.

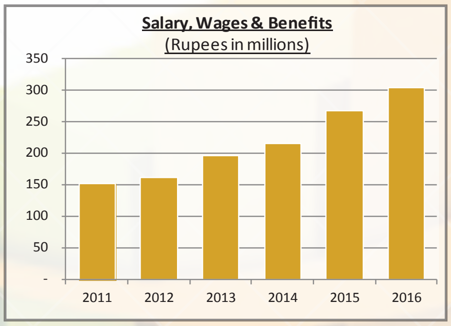
Karachi.
Dated: September 17, 2016

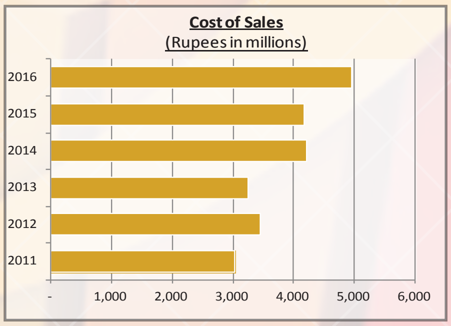
Anwar Ahmed Tata
Chairman

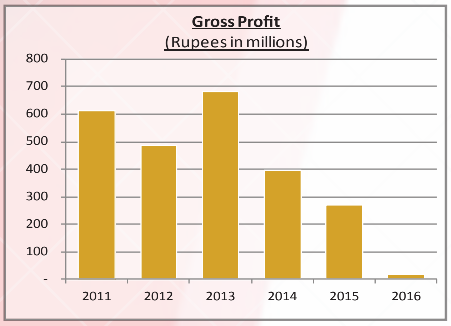

Sales
(Rupees in millions)
6,000
5,000
4,000
3,000
2,000
1,000
-
2011 2012 2013 2014 2015 2016

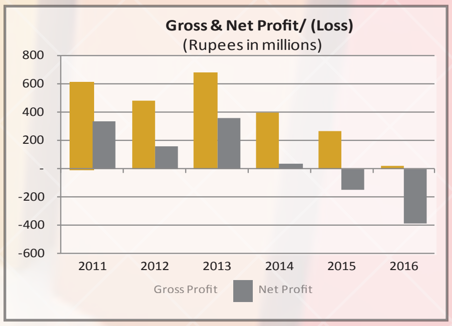

Profit / (Loss) After Tax
(Rupees in millions)
400
200
-
-200
-400
-600
2011 2012 2013 2014 2015 2016

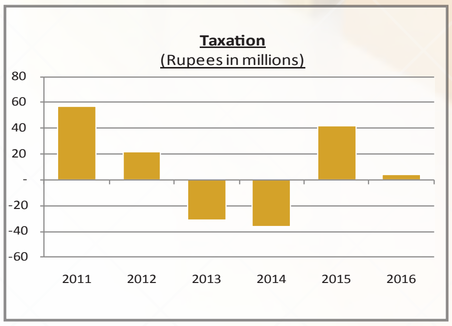

Power & Fuel
(Rupees in millions)
500
450
400
350
300
250
200
150
100
50
-
2011 2012 2013 2014 2015 2016

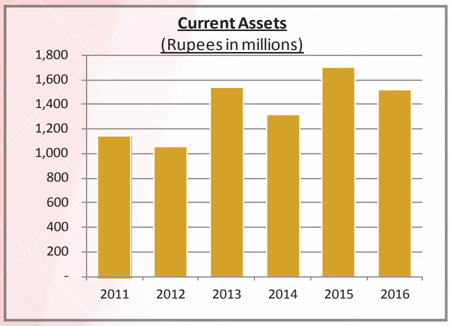

Salary, Wages & Benefits
(Rupees in millions)
350
300
250
200
150
100
50
-
2011 2012 2013 2014 2015 2016

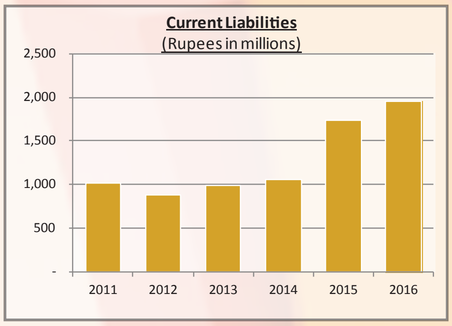

Cost of Sales
(Rupees in millions)
2016
2015
2014
2013
2012
2011
- 1,000 2,000 3,000 4,000 5,000 6,000

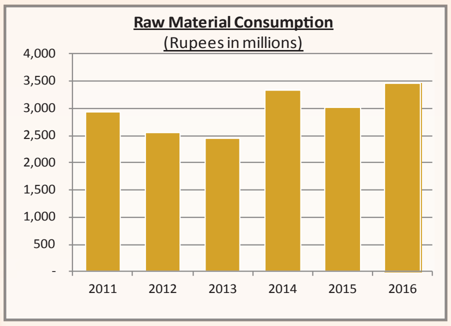

Gross Profit
(Rupees in millions)
800
700
600
500
400
300
200
100
-
2011 2012 2013 2014 2015 2016

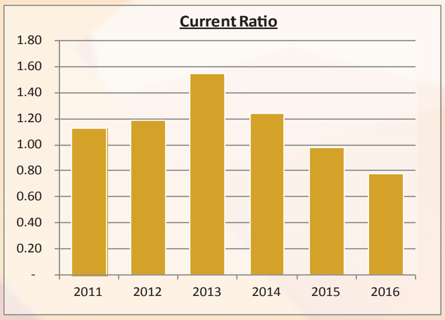

Gross & Net Profit/ (Loss)
(Rupees in millions)
800
600
400
200
-
-200
-400
-600
2011 2012 2013 2014 2015 2016
Gross Profit
Net Profit

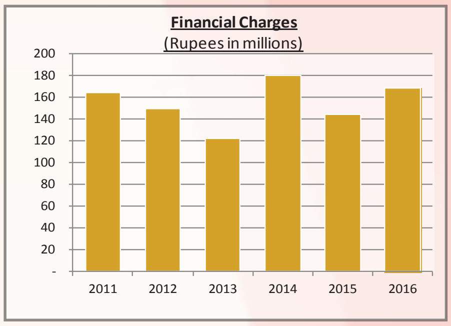

Taxation
(Rupees in millions)
80
60
40
20
-
-20
-40
-60
2011 2012 2013 2014 2015 2016

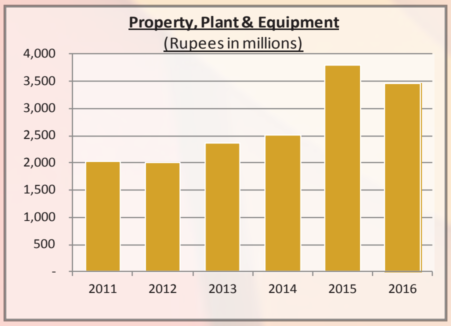

Current Assets
(Rupees in millions)
1,800
1,600
1,400
1,200
1,000
800
600
400
200
-
2011 2012 2013 2014 2015 2016

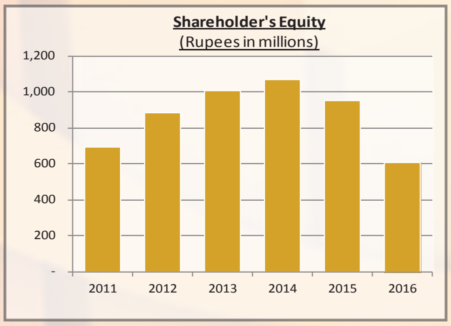

Current Liabilities
(Rupees in millions)
2,500
2,000
1,500
1,000
500
-
2011 2012 2013 2014 2015 2016

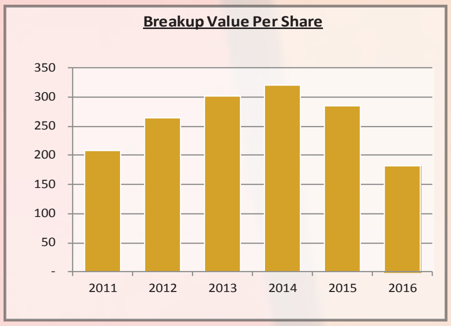

Raw Material Consumption
(Rupees in millions)
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2011 2012 2013 2014 2015 2016

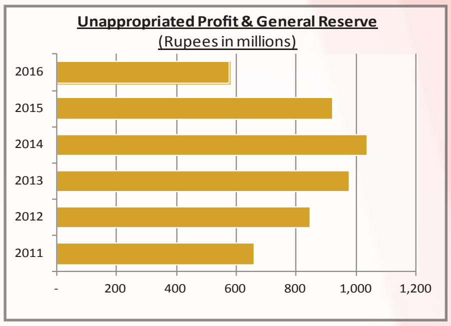

Current Ratio
1.80
1.60
1.40
1.20
1.00
0.80
0.60
0.40
0.20
-
2011 2012 2013 2014 2015 2016

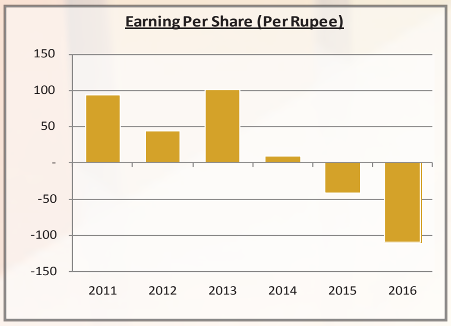

Financial Charges
(Rupees in millions)
200
180
160
140
120
100
80
60
40
20
-
2011 2012 2013 2014 2015 2016


Property, Plant & Equipment
(Rupees in millions)
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2011 2012 2013 2014 2015 2016


Shareholder's Equity
(Rupees in millions)
1,200
1,000
800
600
400
200
-
2011 2012 2013 2014 2015 2016


Breakup Value Per Share
350
300
250
200
150
100
50
-
2011 2012 2013 2014 2015 2016


Unappropriated Profit & General Reserve
(Rupees in millions)
2016
2015
2014
2013
2012
2011
- 200 400 600 800 1,000 1,200


Earning Per Share (Per Rupee)
150
100
50
-
-50
-100
-150
2011 2012 2013 2014 2015 2016

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting before you the 49th Annual Report together with the Audited Accounts for the year ended June 30, 2016.

FINANCIAL RESULTS
The Company made a Pre-tax loss of Rs.379.81 million after charging costs, expenses and depreciation for the year.

	(Rupees)
Pre-tax loss for the year	(379,808,566)
Taxation	(4,415,808)
Loss after taxation	(384,224,374)
Other Comprehensive income	(4,783,857)
Transfer from General Reserve	250,000,000
Transfer from Surplus on Revaluation of Property Plant & Equipment	45,624,031
Accumulated Profit Brought Forward	164,097,698
Accumulated Profit Carried Forward	70,713,498

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
Since the results for the year under review are not encouraging, therefore your directors recommend to pass on the dividend for the year.

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, four Board of Directors Meetings, four Audit Committee Meetings and four Human Resource & Remuneration committee meeting 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	4	N/A	N/A
Mr. Shahid Anwar Tata	3	N/A	N/A
Mr. Adeel Shahid Anwar Tata	3	N/A	4
Mr. Bilal Shahid Anwar	4	3	4
Mr. Muhammad Naseem	4	4	4
Mr. Aijaz Ahmed Tariq	3	N/A	N/A
Sheikh Kausar Ejaz	4	4	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 the Company arranged training program namely Director's Training Program for an independent director Mr. Muhammad Naseem, from IBA, which is recognized under Securities and Exchange Commission of Pakistan (SECP).

k. The statement of pattern of share holding of the Company as at June 30, 2016 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 On 01-07-2015	Purchase / Gift Received	Sales/ Gift	Closing Balance On 30-06-2016
Mr. Anwar Ahmed Tata	2,415,128	9,405	1,120,801	1,303,732
Mr. Shahid Anwar Tata	184,030	1,120,801	-	1,304,831
Mr. Farooq Advani	2,505	-	2,505	-
Mr. Aijaz Ahmed Tariq	2,750	-	250	2,500
Mr. Kausar Ejaz	2,750	-	250	2,500

AUDITORS

The Auditors Messer Deloitte Yousuf Adil Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible to offer themselves for reappointment for the financial year ending June 30, 2017.

ON BEHALF OF THE BOARD OF DIRECTORS

ADEEL SHAHID ANWAR TATA
CHIEF EXECUTIVE

Karachi:
Date: September 17, 2016

KEY OPERATING AND FINANCIAL DATA

Description		2016	2015	2014	2013	2012	2011
OPERATING DATA							
Sales	Rs.'000'	4,975,583	4,448,356	4,612,764	3,925,774	3,927,483	3,640,287
Cost of Goods Sold	Rs.'000'	4,957,343	4,179,356	4,216,657	3,243,068	3,442,401	3,027,956
Gross Profit	Rs.'000'	18,240	269,000	396,107	682,706	485,082	612,331
(Loss) / Profit Before Taxation	Rs.'000'	(379,809)	(103,411)	(1,185)	329,209	178,470	389,480
(Loss) / Profit After Taxation	Rs.'000'	(384,225)	(145,721)	34,822	360,187	156,922	332,528
FINANCIAL DATA							
Equity Balance	Rs.'000'	610,136	953,520	1,069,953	1,010,900	884,371	697,351
Property, Plant & Equipment	Rs.'000'	3,454,697	3,359,644	2,520,999	2,356,478	2,003,448	2,035,309
Current Assets	Rs.'000'	1,516,316	1,698,031	1,320,929	1,538,821	1,053,121	1,140,265
Current Liabilities	Rs.'000'	1,955,211	1,736,002	1,064,409	993,303	887,716	1,011,095
RATIOS							
PROFITABILITY RATIOS							
Gross Profit Margin	%	0.37	6.05	8.59	17.39	12.35	16.82
Operating Profit Margin	%	(7.80)	(2.50)	(0.83)	6.96	4.10	8.66
Net Profit Margin	%	(7.63)	(2.32)	(0.03)	8.39	4.54	10.70
LIQUIDITY RATIOS							
Current Ratio	Times	0.78	0.98	1.24	1.55	1.19	1.13
Quick Ratio	Times	0.37	0.40	0.41	0.46	0.44	0.34
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	21.64	30.35	19.17	26.32	21.87	14.53
Accounts Receivable Turnover	Times	16.63	11.86	18.78	13.68	16.46	24.78
Inventory Turnover	Times	6.78	4.37	4.96	3.09	5.36	3.90
Working Capital Turnover	Times	(11.34)	(117.15)	17.98	7.20	23.74	28.18
Total Assets Turnover	Times	1.00	0.88	1.20	1.01	1.11	1.00
Return on Total Assets	%	(7.72)	(2.88)	0.90	9.23	4.43	9.15
Return on Equity	%	(17.89)	(5.74)	1.59	17.23	7.07	16.66
LEVERAGE RATIOS							
Long Term Debt to Equity Ratio	%	40.59	31.13	27.06	39.08	19.59	31.42
Total Debt to Equity Ratio	%	131.63	99.57	75.65	86.58	59.57	82.09
Long Term Debt to Total Assets	Times	0.18	0.16	0.15	0.21	0.12	0.17
Total Debt to Total Assets	Times	0.57	0.50	0.43	0.46	0.37	0.45
Equity to Total Assets	Times	0.43	0.50	0.57	0.54	0.63	0.55
Interest Coverage Ratio	Times	(1.25)	0.29	0.99	3.70	2.19	3.37
OTHERS							
Earning per Shares	Rs	(114.95)	(43.60)	10.42	107.76	46.95	99.48
Breakup Value of Shares w/o Revaluation Surplus	Rs	182.53	285.27	320.10	302.43	264.58	208.63
Breakup Value of Shares with Revaluation Surplus	Rs	642.48	758.86	655.40	625.58	664.30	596.98
Cash Dividend	%	-	-	15.00	20.00	30.00	30.00

ANALYSIS OF FINANCIAL STATEMENT
BALANCE SHEET

Description	2016	2015	2014	2013	2012	2011
	---------- Rupees in '000' ----------					
Assets						
Non Current Assets						
Property, plant and equipment	3,454,698	3,359,644	2,520,999	2,356,478	2,003,448	2,035,308
Intangible assets	1,608	2,985	4,359	5,276	5,332	3,437
Long Term Investments	699	489	609	417	480,834	454,211
Long Term Deposit	1,037	1,012	1,012	463	463	295
Total Non Current Assets	**3,458,042**	**3,364,130**	**2,526,979**	**2,362,634**	**2,490,077**	**2,493,251**
Current Assets						
Stores, Spares and loose tools	56,041	39,353	36,067	34,570	22,050	16,299
Stock in Trade	730,729	956,771	849,721	1,049,400	642,293	775,930
Trade Debtors	299,140	375,037	245,653	287,022	238,579	146,892
Loans and Advances	308,383	210,158	130,201	80,906	66,837	93,096
Trade Deposit & Short Term Prepayment	13,770	2,392	1,409	1,464	1,834	938
Other Receivables	404	403	1,345	2,430	493	2,666
Other Financial Assets	27,536	21,036	4,135	17,212	9,629	8,066
Sales Tax Refundable	34,349	51,741	16,101	12,779	15,396	10,189
Cash and Bank	45,963	41,138	36,298	53,038	56,009	86,190
Total Current Assets	**1,516,315**	**1,698,029**	**1,320,930**	**1,538,821**	**1,053,120**	**1,140,266**
TOTAL ASSETS	**4,974,357**	**5,062,159**	**3,847,909**	**3,901,455**	**3,543,197**	**3,633,517**
Equity and Liabilities						
EQUITY						
Issued Subscribed & Paid up Capital	33,426	33,426	33,426	33,426	33,426	33,426
Reserve	505,889	755,678	755,798	755,606	5,562	5,466
Unappropriated Profit	70,821	164,416	280,729	221,868	845,383	658,459
Total Share Capital and Reserves	**610,136**	**953,520**	**1,069,953**	**1,010,900**	**884,371**	**697,351**
Surplus on revaluation of Fixed Assets	1,537,397	1,583,021	1,120,753	1,080,131	1,336,087	1,298,095
Non Current Liabilities						
Long Term Loans	800,261	726,110	538,656	634,120	182,522	330,995
Deferred Liabilities	71,353	63,505	54,138	183,000	252,502	295,980
Total Non Current Liabilities	**871,614**	**789,615**	**592,794**	**817,120**	**435,024**	**626,975**
Current Liabilities						
Trade and other Payables	639,632	407,809	390,143	308,526	283,954	290,962
Interest/ Markup	27,711	46,776	24,799	32,703	68,197	59,664
Short Term Borrowing	1,080,060	1,109,508	499,909	603,946	314,496	382,755
Current Portion of Long Term Loans	167,080	131,870	121,554	48,129	175,191	196,086
Taxation	40,727	40,040	28,004	-	45,877	81,629
Total Current Liabilities	**1,955,210**	**1,736,003**	**1,064,409**	**993,304**	**887,715**	**1,011,096**
TOTAL LIABILITES & EQUITY	**4,974,357**	**5,062,159**	**3,847,909**	**3,901,455**	**3,543,197**	**3,633,517**

ANALYSIS OF FINANCIAL STATEMENT
BALANCE SHEET VERTICAL ANALYSIS

Description	2016	2015	2014	2013	2012	2011
	%	%	%	%	%	%
Assets						
Non Current Assets						
Property, plant and equipment	69.45	66.37	65.52	60.40	56.54	56.01
Intangible assets	0.03	0.06	0.11	0.14	0.15	0.09
Long Term Investments	0.01	0.01	0.02	0.01	13.57	12.50
Long Term Deposit	0.02	0.02	0.03	0.01	0.01	0.01
Total Non Current Assets	69.52	66.46	65.67	60.56	70.28	68.62
Current Assets						
Stores, Spares and loose tools	1.13	0.78	0.94	0.89	0.62	0.45
Stock in Trade	14.69	18.90	22.08	26.90	18.13	21.35
Trade Debtors	6.01	7.41	6.38	7.36	6.73	4.04
Loans and Advances	6.20	4.15	3.38	2.07	1.89	2.56
Trade Deposit & Short Term Prepayment	0.28	0.05	0.04	0.04	0.05	0.03
Other Receivables	0.01	0.01	0.03	0.06	0.01	0.07
Other Financial Assets	0.55	0.42	0.11	0.44	0.27	0.22
Sales Tax Refundable	0.69	1.02	0.42	0.33	0.43	0.28
Cash and Bank	0.92	0.81	0.94	1.36	1.58	2.37
Total Current Assets	30.48	33.54	34.33	39.44	29.72	31.38
TOTAL ASSETS	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Equity and Liabilities						
EQUITY						
Issued Subscribed & Paid up Capital	0.67	0.66	0.87	0.86	0.94	0.92
Reserve	10.17	14.93	19.64	19.37	0.16	0.15
Unappropriated Profit	1.42	3.25	7.30	5.69	23.86	18.12
Total Share Capital and Reserves	**12.27**	**18.84**	**27.81**	**25.91**	**24.96**	**19.19**
Surplus on revaluation of Fixed Assets	**30.91**	**31.27**	**29.13**	**27.69**	**37.71**	**35.73**
Non Current Liabilities						
Long Term Loans	16.09	14.34	14.00	16.25	5.15	9.11
Deferred Liabilities	1.43	1.25	1.41	4.69	7.13	8.15
Total Non Current Liabilities	**17.52**	**15.60**	**15.41**	**20.94**	**12.28**	**17.26**
Current Liabilities						
Trade and other Payables	12.86	8.06	10.14	7.91	8.01	8.01
Interest/ Markup	0.56	0.92	0.64	0.84	1.92	1.64
Short Term Borrowing	21.71	21.92	12.99	15.48	8.88	10.53
Current Portion of Long Term Loans	3.36	2.61	3.16	1.23	4.94	5.40
Taxation	0.82	0.79	0.73	-	1.29	2.25
Total Current Liabilities	39.31	34.29	27.66	25.46	25.05	27.83
TOTAL LIABILITES & EQUITY	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

ANALYSIS OF FINANCIAL STATEMENT
PROFIT & LOSS ACCOUNT

Description	2016	2015	2014	2013	2012	2011
	---------- Rupees in '000' ----------					
Sales	4,975,583	4,448,356	4,612,764	3,925,774	3,927,483	3,640,287
Cost of Goods Sold	4,957,343	4,179,356	4,216,657	3,243,068	3,442,401	3,027,956
GROSS PROFIT	18,240	269,000	396,107	682,706	485,082	612,331
Distribution cost	122,320	128,442	145,610	142,092	96,618	47,441
Administrative expenses	106,023	90,630	82,574	67,638	53,316	46,537
Other operating expenses	8,808	15,701	26,680	77,638	23,565	38,435
Financial Cost	168,992	145,298	179,566	121,946	150,579	164,653
	406,143	380,071	434,430	409,314	324,078	297,066
OPERATING (LOSS)/PROFIT	**(387,903)**	**(111,071)**	**(38,323)**	**273,392**	**161,004**	**315,265**
Other Income	8,094	7,660	37,138	5,639	7,991	4,721
Share of Profit from Associates	-	-	-	50,178	9,475	69,494
	8,094	7,660	37,138	55,817	17,466	74,215
(LOSS)/PROFIT BEFORE TAXES	**(379,809)**	**(103,411)**	**(1,185)**	**329,209**	**178,470**	**389,480**
Provision for taxation	(4,416)	(42,310)	36,007	30,978	(21,548)	(56,952)
(LOSS)/PROFIT FOR THE YEAR	**(384,225)**	**(145,721)**	**34,822**	**360,187**	**156,922**	**332,528**

ANALYSIS OF FINANCIAL STATEMENT
PROFIT & LOSS ACCOUNT VERTICAL ANALYSIS

Description	2016	2015	2014	2013	2012	2011
	%	%	%	%	%	%
Sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Goods Sold	99.63	93.95	91.41	82.61	87.65	83.18
GROSS PROFIT	0.37	6.05	8.59	17.39	12.35	16.82
Distribution cost	2.46	2.89	3.16	3.62	2.46	1.30
Administrative expenses	2.13	2.04	1.79	1.72	1.36	1.28
Other operating expenses	0.18	0.35	0.58	1.98	0.60	1.06
Financial Cost	3.40	3.27	3.89	3.11	3.83	4.52
	8.16	8.54	9.42	10.43	8.25	8.16
OPERATING (LOSS)/PROFIT	**(7.80)**	**(2.50)**	**(0.83)**	**6.96**	**4.10**	**8.66**
Other Income	0.16	0.17	0.81	0.14	0.20	0.13
Share of Profit from Associates	-	-	-	1.28	0.24	1.91
	0.16	0.17	0.81	1.42	0.44	2.04
(LOSS)/PROFIT BEFORE TAXES	**(7.63)**	**(2.32)**	**(0.03)**	**8.39**	**4.54**	**10.70**
Provision for taxation	(0.09)	(0.95)	0.78	0.79	(0.55)	(1.56)
(LOSS)/PROFIT FOR THE YEAR	**(7.72)**	**(3.28)**	**0.75**	**9.17**	**4.00**	**9.13**

PATTERNS OF SHAREHOLDING

AS AT JUNE 30, 2016

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
759	1	100	32,532
159	101	500	35,002
29	501	1000	22,736
30	1001	5000	60,655
3	5001	10000	28,287
1	10001	15000	14,500
1	15001	20000	16,750
1	20001	25000	22,600
1	25001	30000	30,000
1	100001	105000	104,645
1	365001	370000	366,300
2	1300001	1305000	2,608,563
988			3,342,570

CATEGORIES OF SHAREHOLDERS

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDER	SHARES HELD	PERCENTAGE
Directors, their Spouse(s) and Minor Children	9	2,632,788	78.77
Associated Companies, Undertakings and Related Parties	1	366,300	10.96
Public Sector companies & Corporations	3	17,958	0.54
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarbas and pension funds	2	10,127	0.30
Mutual Funds	1	104,645	3.13
Others	7	5,143	0.15
General Public	965	205,609	6.15
	988	3,342,570	100.00

Detail of Categories of Shareholders
AS AT JUNE 30, 2016

		No. of Shareholders	Shares Held
DIRECTORS, THEIR SPOUSE(S) & MINOR CHILDREN			
Mr. Anwar Ahmed Tata	(Chairman/Director)	1	1,303,732
Mr. Shahid Anwar Tata	(Director)	1	1,304,831
Mr. Adeel Shahid Anwar Tata	(Chief Executive)	1	8,720
Mr. Bilal Shahid Anwar	(Director)	1	2,505
Mr. Muhammad Naseem	(Director)	1	2,500
Mr. Aijaz Ahmed Tariq	(Director)	1	2,500
Mr. Kausar Ejaz	(Director)	1	2,500
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	**2,632,788**
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
		3	**17,958**
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARBAS AND PENSION FUNDS			
Central Insurance Company Ltd.		1	560
Trustee National Bank of Pakistan Employee Pension Fund		1	9,567
		2	**10,127**
MUTUAL FUNDS			
CDC Trustee National Investment (Unit) Trust		**1**	**104,645**
OTHERS			
M/s Naseer Shahid Ltd.		1	20
B.R.R. Investments (Pvt) Limited		1	4,620
The Administrator Abandoned Properties		1	50
Fateh Textile Mills Limited		1	55
Trustee National Bank of Pakistan Employee Benevolent Fund Trust		1	336
Maple Leaf Capital Limited		1	1
Fikree's (SMC-Pvt) Ltd.		1	61
		7	**5,143**
GENERAL PUBLIC			
Local		**965**	**205,609**
Grand Total		**988**	**3,342,570**

Shareholders Holding 5% or more

	Shares Held	Percentage
Mr. Anwar Ahmed Tata	1,303,732	39.00
Mr. Shahid Anwar Tata	1,304,831	39.04
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 the listing regulations of Pakistan 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.

Salfi Textile Mills Limited (the company) has applied the principles contained in the CCG in the following manner:

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

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

The independent director meets the criteria of independence under clause 5.19.1of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

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. No casual vacancy has occurred on the Board 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 at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. During the year the Company arranged training program namely Director’s Training Program for an independent director Mr. Muhammad Naseem, from IBA, which is recognized under Securities and Exchange Commission of Pakistan (SECP).

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

11. The directors' report for the year ended June 30, 2016 has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by 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, all of them are non-executive directors and the chairman of the committee is an independent director.

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

17. The Board has formed Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors including the chairman of the committee who is also an independent director.

18. The Board has setup an effective internal audit function within the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the 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 exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchange.

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

ON BEHALF OF THE BOARD OF DIRECTORS

ADEEL SHAHID ANWAR TATA
CHIEF EXECUTIVE

Karachi
Dated: September 17, 2016

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **49th Annual General Meeting** of the Shareholders of **Salfi Textile Mills Limited** will be held on **Thursday** the **October 20, 2016 at 11:30 A.M.** at **5th Floor Textile Plaza M.A. Jinnah Road Karachi,** to transact the following business: -

Ordinary Business

1. To confirm the minutes of the 48th Annual General Meeting held on October 28, 2015.

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

3. To appoint Auditors for the year ending June 30, 2017 and fix their remuneration. The retiring auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.

4. 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. Bilal Shahid Anwar	(vi)	Mr. Muhammad Naseem
(vii)	Mr. Kausar Ejaz		

The retiring Directors are eligible for re-election.

SPECIAL BUSINESS

Special Resolution

5. To consider and if thought fit, pass with or without modification, the Special Resolutions pertaining to the additions/alterations in the Articles of Association of the Company, to the extent set out in the draft Special Resolutions read with the Statement u/s. 160 (1) (b) of the Companies Ordinance, 1984.

Ordinary Resolution

6. To consider and pass the following ordinary resolutions:

   a) "RESOLVED that the transactions carried out in normal course of business with associated companies as disclosed in Note No. 36 of the audited financial statements for the year ended June 30, 2016 be and are hereby ratified and approved."

   b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2017 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

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

Statement under section 160 of the Companies Ordinance, 1984 in the above matter mentioned in item No.5 and 6 is annexed.

By Order of the Board of Directors
Salfi Textile Mills Limited

Farooq Advani
Company Secretary

Karachi:
Dated: September 29, 2016

Notes:

1. The Share Transfer Books of the Company will remain closed from October 12, 2016 to October 20, 2016 (both days inclusive).
2. A member entitled to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the time of holding meeting. A copy of shareholder's attested CNIC must be attached with the proxy form.
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 Board of Directors' resolution/power of attorney with specimen signature of the nominee.
4. Any member who seeks to contest the election for Directorship 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 Director in term of Section 178(3) of the Companies Ordinance 1984. The intention/consent should be accompany the relevant declaration as required under the "Code of Corporate Governance."

5. Members are requested to promptly notify any change in their address.

6. Members who have not yet submitted photocopies of their CNIC to the Company's Share Registrar, are requested to send the same at earliest.

7. **E-Voting**: Pursuant to SECP's Companies (E-Voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Executive Officer by the Intermediary as Proxy.

8. **Video Conference Facility**: Pursuant to provision of SECP Circular No.10 of 2014 dated May 21, 2014, if the Company receives consent from Members holding aggregate 10% or more shareholding residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

9. **Distribution of Annual Report through Email**: The SECP vide SRO 787(I)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Shareholders of the Company who wish to receive the Company's Annual Report and notices of annual general meeting by email are requested to provide the completed Electronic Communication Consent Form already dispatched, to the Company' Share Registrar, Central Depository Company of Pakistan Limited.

Statement of Material Facts Concerning Special Business Pursuant to Section 160(1)(b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business, given in agenda item No. 5 and 6 the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

1. Agenda No. 5 of the Notice-Amendment / Change in Article of Association of the Company

   The existing Articles of Association of the Company are being amended / altered in order to incorporate provisions pertaining to video conferencing, transmission of annual audited accounts to the Members through CD/DVD/USB/email and E-voting in light of various Regulations, Circulars and Notifications issued by the Securities and Exchange Commission of Pakistan and accordingly, pass the following Special Resolutions:

   RESOLVED that attendance of the general meeting through video conference to its members at places other than the town in which general meeting is taking place be and is hereby allowed, subject to requirements and conditions prescribed by the Commission.

   FURTHER RESOLVED that Article 46 A or new paragraph in existing Article 46 be and is are hereby added in the Articles of Association to be read as under:

   46-A Attendance at General Meeting through Video Conference
   The company may provide video conference facility to its Members at places other than the town in which general meeting is taking place after considering the geographical dispersal of its Members, subject to the condition that Members collectively holding ten percent (10%) or more shareholding residing at a geographical location provide their consent to participate in the general meeting through video conference at least ten (10) days prior to the date of the general meeting. The company shall arrange video conference facility subject to availability of such facility in that city and an intimation to the Members shall be given by the Company at least five (5) days before the date of general meeting regarding venue of video conference facility along with complete information. However, the quorum, as required under the Ordinance, as well as the Chairman of the general meeting, shall be present at the place of the general meeting.

   FURTHER RESOLVED that both members and non-members be and are hereby given voting rights in the general meeting of the Company through electronic means managed by an Intermediary.

   FURTHER RESOLVED that Article 63A or new paragraph in existing Article 63 be and are hereby added in the Articles of Association to be read as under:

   63-A E-Voting
   The provisions and requirements for E-voting as prescribed by the Commission from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of the other provisions of these Articles and notwithstanding anything contradictory therein."

   FURTHER RESOLVED that existing Article 69 of the Articles of Association be and is hereby substituted to be read as under:

69. Form of Proxy:
An instrument appointing a proxy shall be in the form specified in Regulation 39 of the Table 'A' in the First Schedule to the Ordinance or Schedule II of the Companies (E-Voting) Regulations, 2016 or of the in any other form which the Directors may approve."

FURTHER RESOLVED that Article 76 of Articles of Association be and is hereby substituted to be read as under:

76. Qualification Shares:
The qualification of every Director shall be the holding of 100 shares in the Company in his own name. A Director may act before acquiring his qualification, but shall in any case acquire the same within two months from his appointment.

FURTHER RESOLVED that the transmission for annual balance sheet and profit and loss account, auditor's report and directors' report to its members either through CD/DVD/USB or hard copy at their registered addresses be and is hereby arranged by the Company, subject to requirements and conditions prescribed by the Commission and accordingly.

FURTHER RESOLVED that a new paragraph in existing Article 127 be and is are hereby added in the Articles of Association to be read as under:

127. Transmission of Annual Audited Accounts
The balance sheet, profit & loss accounts, auditors' report, and directors' report etc., ("annual audited accounts") shall be transmitted to the members of the Company through CD/DVD/USB at their registered address, subject to the requirements prescribed by the Securities and Exchange Commission of Pakistan from time to time. The Standard Request Form shall be placed on Company's website for the purpose of communication of the requisition of annual audited accounts through CD/DVD/USB.

FURTHER RESOLVED that the Company Secretary be and is hereby fully authorized and empowered to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required and to sign such documents and take such steps from time to time, as and when necessary.

The Directors of the Company have no direct or indirect interest in the proposed alterations / amendments in the Articles of Association, except to the extent of their shareholdings and remuneration in the Company.

2. Agenda Item No. 6(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2016 to be passed as an Ordinary Resolution.

    The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 5.19.6 (b) of the Code of Corporate Governance, 2012.

    During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the quorum of directors could not be formed for approval some of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting.

    In view of the above, the transactions carried out during the financial year ended June 30, 2016 with associated companies shown in note No. 34 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

    The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

3. Agenda Item No. 6(b) of the Notice – Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2017 to be passed as an Ordinary Resolution.

    The Company is expected to be conducting transactions with associated companies in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

    In order to comply with the provisions of clause 5.19.6 (b) of the Code of Corporate Governance, 2012, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2017.

    The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Salfi Textile Mills Limited** for the year ended June 30, 2016 to comply with the requirements of Regulations of the Pakistan Stock Exchanges 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 of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

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

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

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Karachi
Dated: September 17, 2016

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

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Auditors' Report to the Members

We have audited the annexed balance sheet of **Salfi Textile Mills Limited** (the Company) as at June 30, 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) 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, 2016 and of the loss, its cash flows and changes in equity for the year then ended; and

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

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Karachi
Dated: September 17, 2016

Member of
Deloitte Touche Tohmatsu Limited

FINANCIAL STATEMENTS
for the year ended June 30, 2016

BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016	2015
		..........Rupees..........	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	3,454,697,470	3,359,643,727
Intangible assets	5	1,607,952	2,983,677
Long term investments	6	699,470	489,172
Long term deposits		1,037,339	1,012,339
		3,458,042,231	3,364,128,915
CURRENT ASSETS			
Stores, spares and loose tools	7	56,040,828	39,352,742
Stock-in-trade	8	730,729,126	956,770,678
Trade debts	9	299,140,211	375,037,435
Loans and advances	10	308,383,223	210,158,301
Trade deposits and short term prepayments	11	13,770,266	2,392,311
Other receivables		403,811	403,414
Other financial assets	12	27,536,451	21,036,451
Sales tax refundable		34,349,104	51,741,362
Cash and bank balances	13	45,962,676	41,137,964
		1,516,315,696	1,698,030,658
TOTAL ASSETS		4,974,357,927	5,062,159,573
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	33,425,700	33,425,700
Reserves	15	505,888,640	755,678,342
Unappropriated profit		70,821,218	164,415,716
		610,135,558	953,519,758
Surplus on revaluation of property, plant and equipment	16	1,537,397,073	1,583,021,104
NON CURRENT LIABILITIES			
Long-term finances	17	800,261,087	726,110,083
Deferred liabilities	18	71,353,231	63,506,332
		871,614,318	789,616,415
CURRENT LIABILITIES			
Trade and other payables	19	639,632,262	407,808,968
Interest / mark up accrued on borrowings	20	27,710,972	46,776,361
Short-term borrowings	21	1,080,060,327	1,109,507,825
Current portion of long-term finances	17	167,080,368	131,869,530
Provision for income tax		40,727,049	40,039,612
		1,955,210,978	1,736,002,296
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		4,974,357,927	5,062,159,573

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

ADEEL SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

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

	Note	2016	2015
		……….Rupees……….	
Sales - net	23	4,975,582,877	4,448,355,699
Cost of goods sold	24	(4,957,342,852)	(4,179,355,526)
Gross profit		18,240,025	269,000,173
Distribution cost	25	(122,320,302)	(128,441,639)
Administrative expenses	26	(106,023,076)	(90,629,738)
Other operating expenses	27	(8,808,000)	(15,701,110)
Finance cost	28	(168,991,512)	(145,298,191)
		(406,142,890)	(380,070,678)
		(387,902,865)	(111,070,505)
Other income	29	8,094,299	7,659,647
Loss before taxation		(379,808,566)	(103,410,858)
Taxation	30	(4,415,808)	(42,310,249)
Loss for the year		(384,224,374)	(145,721,107)
Other comprehensive income for the year			
Item that will be reclassified to profit or loss			
Unrealised gain / (loss) on remeasurement of available-for-sale investment	6.1	210,298	(119,778)
Item that shall not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	18.1.3	(4,994,155)	(169,731)
Total other comprehensive income		(4,783,857)	(289,509)
Total comprehensive income for the year		(389,008,231)	(146,010,616)
Earnings per share - basic and diluted	31	(114.95)	(43.60)

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

ADEEL SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		..........Rupees..........	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(379,808,566)	(103,410,858)
Adjustments for			
Depreciation	4.2	147,692,387	112,577,683
Amortization	5	1,375,725	1,375,721
Provision for staff gratuity		23,019,852	22,975,379
Provision for compensated absences		5,294,051	5,758,561
Provision for doubtful debts	9.4	546,502	-
Finance cost	28	168,991,512	145,298,191
(Gain)/loss on disposal of property, plant and equipment		(1,458,834)	2,519,876
Operating cash flows before working capital		(34,347,371)	187,094,553
(Increase) / decrease in current assets			
Stores, spares and loose tools		(16,688,086)	(3,285,733)
Stock-in-trade		226,041,552	(107,050,470)
Trade debts		75,350,722	(129,384,182)
Loans and advances		(38,892,154)	(40,661,802)
Trade deposits and short-term prepayments		(11,377,955)	(983,239)
Other receivables		(397)	941,216
Other financial assets		(6,500,000)	(16,901,451)
Sales tax refundable		17,392,258	(35,639,965)
Increase in current liabilities			
Trade and other payables		231,823,464	17,611,652
Cash generated from / (used in) operations		442,802,033	(128,259,421)
Finance cost paid		(188,056,901)	(123,320,950)
Income taxes paid		(63,061,136)	(69,570,537)
Staff gratuity paid		(19,074,576)	(14,147,942)
Compensated absences paid		(6,386,585)	(5,387,005)
Net cash generated / (used in) from operating activities		166,222,835	(340,685,855)

	Note	2016	2015
		..........Rupees..........	
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(244,914,812)	(468,425,876)
Proceeds from disposal of property, plant and equipment	4.4	3,627,516	11,543,064
Long-term deposits		(25,000)	-
Net cash used in investing activities		(241,312,296)	(456,882,812)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finances obtained - net		109,361,842	197,769,671
Short-term borrowings obtained - net		104,684,253	111,396,971
Dividend paid		(170)	(4,959,474)
Net cash generated from financing activities		214,045,925	304,207,168
Net increase / (decrease) cash and cash equivalents (A+B+C)		138,956,464	(493,361,499)
Cash and cash equivalents at beginning of the year		(457,063,725)	36,297,774
Cash and cash equivalents at end of the year	32	(318,107,261)	(457,063,725)

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

ADEEL SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

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

	Note	Issued subscribed and paid up share capital	Revenue Reserves: General reserve	Revenue Reserves: Other reserve (See 15.1 Note)	Revenue Reserves: Unrealised loss on investment available-for-sale	Revenue Reserves: Unappropriated profit	Total
		.... Rupees					
Balance at June 30, 2014		33,425,700	750,000,000	5,996,360	(198,240)	280,729,312	1,069,953,132
Total comprehensive income for the year							
Loss for the year		-	-	-	-	(145,721,107)	(145,721,107)
Other comprehensive income							
Loss on remeasurement of :							
Investment classified available for sale		-	-	-	(119,778)	-	(119,778)
Defined benefit liability		-	-	-	-	(169,731)	(169,731)
Total other comprehensive income		-	-	-	(119,778)	(169,731)	(289,509)
		-	-	-	(119,778)	(145,890,838)	(146,010,616)
Transfer from surplus on revaluation of property, plant and equipment on account of:							
-incremental depreciation		-	-	-	-	26,677,914	26,677,914
-disposal	16	-	-	-	-	7,913,183	7,913,183
		-	-	-	-	34,591,097	34,591,097
Transactions with owners							
Final cash dividend for the year ended June 30, 2014 @ Rs. 1.5 per share		-	-	-	-	(5,013,855)	(5,013,855)
Balance at June 30, 2015		33,425,700	750,000,000	5,996,360	(318,018)	164,415,716	953,519,758
Total comprehensive income for the year							
Loss for the year		-	-	-	-	(384,224,374)	(384,224,374)
Other comprehensive income							
Gain/(loss) on remeasurement of :							
Investment classified available for sale		-	-	-	210,298	-	210,298
Defined benefit liability		-	-	-	-	(4,994,155)	(4,994,155)
Other comprehensive income		-	-	-	210,298	(4,994,155)	(4,783,857)
		-	-	-	210,298	(389,218,529)	(389,008,231)
Transfer from general reserves		-	(250,000,000)	-	-	250,000,000	-
Transfer from surplus on revaluation of property, plant and equipment on account of:							
-incremental depreciation		-	-	-	-	45,421,433	45,421,433
-disposal	16	-	-	-	-	202,598	202,598
		-	-	-	-	45,624,031	45,624,031
Balance at June 30, 2016		**33,425,700**	**500,000,000**	**5,996,360**	**(107,720)**	**70,821,218**	**610,135,558**

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

ADEEL SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

Salfi Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan on January 05, 1968 under the repealed Companies Act, 1913 (now Companies Ordinance, 1984) and listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by 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

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

- certain property, plant and equipment measured at revalued amount less accumulated depreciation therein;
- recognition of certain staff retirement benefits at present value; and
- certain financial instruments measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional and presentation currency.

2.4 Critical accounting estimates and judgments

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

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Areas where judgments and estimates made by the management that may have a significant effect on the amounts recognised in the financial statements are included in the following notes:

- revaluation of certain items of property, plant and equipment (note 3.1)
- useful lives of property, plant and equipment (note 3.1)
- useful lives of intangible assets (note 3.2)
- valuation of stores and spares and stock-in-trade (note 3.3 and 3.4)
- impairment of financial and non-financial assets (note 3.9)
- staff retirement benefit - gratuity scheme (note 3.15)
- taxation (note 3.19)

2.5 Initial application of standards and amendments to existing standards

a) Standards and amendments which became effective during the year

Standard relevant to the Company

During the year the Company has adopted IFRS 13 'Fair Value Measurement' , which became effective during the year beginning on or after January 01,2015. IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the prices that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants at the measurement date . It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments Disclosures. The application of IFRS 13 does not have any significant impact on the financial statements of the Company except for certain additional disclosures in note 37.1 and 37.2 to the financial Statements.

Standards and amendments not relevant to the Company

The following standards and amendments including certain annual improvements to several IFRS are effective for the year ended June 30, 2016 but are not relevant to the Company's operations

Standards and amendments	Effective date (accounting periods beginning on or after)
IFRS 10 – Consolidated Financial Statements	January 1, 2015
IFRS 11 – Joint Arrangements	January 1, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 1, 2015
IAS 27 (Revised 2011) – Separate Financial Statements	January 1, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 1, 2015

b) Standards and amendments to published standards that are not yet effective and have not been early adopted by the Company

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

Standards or amendments	Effective date (accounting periods beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective date is deferred indefinitely
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception.	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016

Standards or amendments	Effective date (accounting periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016

Certain annual improvements have also been made to a number of IFRSs which are not relevant to the company and therefore have not been presented here.

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied for all years presented unless otherwise stated.

3.1 Property, plant and equipment

Property, plant and equipment except leasehold land, buildings on leasehold land and plant and machinery are stated at cost less accumulated depreciation and impairment, if any.

Leasehold land, buildings on leasehold land and plant and machinery are stated at revalued amounts 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 reporting date.

Depreciation is charged to income applying the reducing balance method at the rates specified in note 4. Depreciation all additions in fixed assets is charged from the month in which the asset is available for use and on disposals upto the month preceding the month of disposal.

The depreciation method and assets' useful lives are reviewed and adjusted, if appropriate, at each reporting date.

When parts of an item of property, plant and equipment have different useful lives, they are recognised as separate items of property plant and equipment.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Improvements are capitalised when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets so replaced, if any, are derecognised.

Gains and losses on disposal of assets are taken to the profit and loss account, and the related surplus / deficit on revaluation of property, plant and equipment is transferred directly to unappropriated profits.

Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less any impairment loss, if any. All expenditures including borrowing cost as referred in Note 3.16, connected to specific assets incurred during installation and construction period are carried under CWIP. Items are transferred to operating assets as and when assets are ready for their intended use.

3.2 Intangible 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 Company and the cost of such asset can be measured reliably.

Costs associated with developing or maintaining computer software programs are generally recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overheads. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any, thereon.

Intangible assets with a definite useful life are amortised on a straight line basis over its useful life. Amortization on all additions in intangible assets is charged from the month in which the asset is available for use and on disposals upto the month of disposal. Amortisation charge is recognised in the profit and loss account. The rates of amortization are disclosed in note 5.

3.3 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 the reporting date.

3.4 Stock-in-trade

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

- Raw material - at moving average cost.
- Material in transit - at invoice value plus other charges incurred upto reporting date.
- Work-in-process - at average manufacturing cost.
- Finished goods - at average manufacturing cost.

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

Waste stock is valued and recorded at net realizable value.

Net realizable value (NRV) represents the estimated selling price at which the inventories can be realized in the normal course of business less estimated cost of completion and costs necessary to make sale.

Where NRV charge subsequently reverses, the carrying value of the related items 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 the profit and loss account.

3.5 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost. A provision for impairment of trade debts and other receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is charged to the profit and loss account. Trade debts and other receivables are written off when considered irrecoverable.

Exchange gains or losses arising in respect of trade and other receivables in foreign currency adjusted from their respective carrying amounts.

3.6 Cash and cash equivalents

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 finances. Running finances under mark-up arrangements are shown with short term borrowings in current liabilities on the balance sheet.

3.7 Financial instruments

Financial assets

The Company classifies its financial assets at initial recognition in the following categories depending on the purpose for which the financial assets were acquired:

(i) ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term and are classified as current assets.

(ii) ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivables and cash and bank balances in the balance sheet.

(iii) ***Available-for-sale***

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or the management intends to dispose of the investments within twelve months from the reporting date.

(iv) ***Held to maturity***

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified in this category.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognised on trade date (the date on which the Company commits to purchase or sell the asset). Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the profit and loss account as a reclassification adjustment. Mark-up on available-for-sale debt securities calculated using the effective interest rate method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account as part of other income when the Company's right to receive payments is established. Amortization of premium on acquisition of the investments is carried out using the effective yield method and charged to profit and loss account.

The fair values of quoted equity investments are based on current market prices. Subsequent to initial measurement equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment in value, if any.

Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective yield method.

A financial liability is derecognised when obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

3.8 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.

3.9 Impairment

Financial assets

The Company assesses at each reporting 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.

The Company assesses at each reporting date whether there is objective evidence that any investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit and loss account as a reclassification adjustment. Impairment losses recognised in the profit and loss account on equity instruments classified as available-for-sale are not reversed through the profit and loss account.

Non-financial assets

The Company assesses at each reporting date whether there is any indication that assets except deferred tax asset and stock in trade 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. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in revaluation surplus.

3.10 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 balances and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.11 Foreign currency transactions and translation

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 at year end into Pak Rupees using the exchange rate at the reporting 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 reporting date are included in profit and loss account.

3.12 Share capital

Ordinary shares are classified as equity and are recorded at their face value.

3.13 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.

3.14 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the Surplus on Revaluation of Property, Plant and Equipment shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1)/2003 dated January 13, 2003:

a) depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

b) an amount equal to incremental depreciation for the year net of deferred taxation is transferred from Surplus on Revaluation of Property, Plant and Equipment to accumulated profits through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

3.15 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 respectively. Both plans are un-funded. The details of plans are as follows:

Defined benefit plan - Workmen

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 profit and loss and other comprehensive income. The most recent valuation was carried out as at June 30, 2016 using Projected Unit Credit Method. The amount recognized in the balance sheet represents the present value of defined benefit obligations.Remeasurement which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

Defined benefit plan - Non workmen

The Company also maintains a retirement plan for all its employees under non-workmen category. Under this plan, every eligible 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 with respect to 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 leaves in the period in which it is earned. Under the policy, leaves of 14 and 10 days for workmen and non-workmen category respectively can be accumulated and carried forward.

3.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost.Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added in the carrying amount of the borrowing.

3.17 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of the past event and 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 reporting date and adjusted to reflect the current best estimate.

3.18 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.

3.19 Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credits and rebates available, if any or on turnover at the specified rates or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise due to assessment framed / finalized during the year.

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. After considering, the effects on deferred taxation on the portion of income subject to final tax regime.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences and carried 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 reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

3.20 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 customer's orders where risks and rewards are transferred to the customer.
- Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the applicable effective interest rate.

3.21 Borrowing cost

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset. Borrowing costs eligible for capitalization are determined using effective interest rate method.

3.22 Earnings per share

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

3.23 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker (CODM). The Company considers Chief Executive as its CODM who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company’s products, as required by the approved accounting standards, is presented in note 40 to these financial statements.

	Note	2016	2015
		……………Rupees…………	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	3,323,865,796	3,350,559,254
Capital work in progress	4.5	130,831,674	9,084,473
		3,454,697,470	3,359,643,727

4.1 Operating assets

Particulars	Cost / revalued amount at July 01, 2015	Additions	Disposals	Cost / revalued amount at June 30, 2016	Accumulated depreciation at July 01, 2015	Depreciation for the year	Depreciation on disposals during the year	Accumulated depreciation at June 30, 2016	Carrying value at June 30, 2016	Rate
	Rupees									%
Leasehold land	696,000,000	-	-	696,000,000	-	-	-	-	696,000,000	-
Buildings on leasehold land										
- Godown	178,220,521	-	-	178,220,521		8,911,026	-	8,911,026	169,309,495	5
- Mills	338,172,375	-	-	338,172,375	-	16,908,619		16,908,619	321,263,756	5
- Others	118,900	-	-	118,900	87,837	3,106	-	90,943	27,957	10
Office premises	450,000	-	-	450,000	416,798	3,320	-	420,118	29,882	10
Plant and machinery	2,024,790,856	108,847,839	(63,667)	2,133,575,028	-	103,827,561	(1,857)	103,825,704	2,029,749,324	5
Electric installations	31,352,042	-	-	31,352,042	22,082,740	926,928	-	23,009,668	8,342,374	10
Factory equipment	28,462,571	7,754,545	-	36,217,116	7,038,176	2,220,564	-	9,258,740	26,958,376	10
Furniture and fixtures	20,419,007	1,335,156	-	21,754,163	9,836,839	1,099,125	-	10,935,965	10,818,198	10
Office equipment	23,612,517	1,618,141	(760,561)	24,470,097	12,298,571	3,035,134	(675,342)	14,658,363	9,811,734	10-30
Leasehold improvements	19,716,700	-	-	19,716,700	5,463,005	1,425,370	-	6,888,375	12,828,325	10
Vehicles	72,257,067	3,611,930	(5,301,170)	70,567,827	25,789,335	9,331,634	(3,279,517)	31,841,452	38,726,375	20
June 30, 2016	**3,433,572,555**	**123,167,611**	**(6,125,398)**	**3,550,614,769**	**83,013,301**	**147,692,387**	**(3,956,716)**	**226,748,973**	**3,323,865,796**	

For comparative period

Particulars	Cost / revalued amount at July 01, 2014	Additions	Transfer	Disposals	Adjustment of accumulated depreciation	Revaluation surplus during the year	Cost / revalued amount at June 30, 2015	Accumulated depreciation at July 01, 2014	Depreciation for the year	Depreciation on disposal for the year	Adjustment of accumulated depreciation on transfer	Adjustment of accumulated depreciation on revaluation	Accumulated depreciation at June 30, 2015	Carrying value at June 30, 2015	Rate
	Rupees														%
Leasehold land	564,000,000	28,620,000	-	-	-	103,380,000	696,000,000	-	-	-	-	-	-	696,000,000	-
Buildings on leasehold land															
- Godown	-	127,203,557	-	-	(2,650,074)	53,667,038	178,220,521	-	2,650,074		-	(2,650,074)	-	178,220,521	5
- Mills	254,540,064	100,747,843	-	-	(46,787,937)	29,672,405	338,172,375	34,612,330	12,175,607	-	-	(46,787,937)	-	338,172,375	5
- Others	118,900	-	-	-	-	-	118,900	84,386	3,451	-	-	-	87,837	31,063	10
Office premises	450,000	-	-	-	-	-	450,000	413,109	3,689	-	-	-	416,798	33,202	10
Plant and machinery	1,595,184,889	394,175,110	-	(15,095,145)	(259,614,102)	310,140,104	2,024,790,856	182,586,790	79,464,948	(2,437,636)	-	(259,614,102)	-	2,024,790,856	5
Electric installations	37,414,494	-	(6,062,452)	-	-	-	31,352,042	25,479,085	1,193,540	-	(4,589,885)	-	22,082,740	9,269,302	10
Factory equipment	15,085,818	13,376,753	-	-	-	-	28,462,571	5,652,625	1,385,551	-	-	-	7,038,176	21,424,395	10
Furniture and fixtures	13,459,647	1,451,638	5,507,722	-	-	-	20,419,007	4,805,826	910,284	-	4,120,729	-	9,836,839	10,582,168	10
Office equipment	22,877,504	2,766,309	554,730	(2,586,026)	-	-	23,612,517	11,168,392	3,198,374	(2,537,351)	469,156	-	12,298,571	11,313,946	10-30
Leasehold improvements	19,716,700	-	-	-	-	-	19,716,700	3,879,261	1,583,744	-	-	-	5,463,005	14,253,695	10
Vehicles	68,604,026	9,068,350	-	(5,415,309)	-	-	72,257,067	19,839,461	10,008,421	(4,058,547)	-	-	25,789,335	46,467,732	20
June 30, 2015	2,591,452,042	677,409,560	-	(23,096,480)	(309,052,113)	496,859,547	3,433,572,555	288,521,265	112,577,683	(9,033,534)	-	(309,052,113)	83,013,301	3,350,559,254	

	Note	2016	2015
		……….Rupees……….	

4.2 Depreciation for the year has been allocated as under:

	Note	2016	2015
Cost of goods manufactured	24.1	138,059,921	102,445,730
Administrative expenses	26	9,632,466	10,131,953
		147,692,387	112,577,683

4.3 Revaluation of leasehold land, buildings on leasehold land and plant and machinery had been carried out in 1994, 2003, 2005 (land only), 2008, 2011 and 2015 (leasehold land, buildings on leasehold land and plant and machinery) by independent professional valuers M/s. Iqbal A. Nanjee & Co. on the basis of market value or depreciated replacement values. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment account to comply with the requirements of Section 235 of the Companies Ordinance, 1984. Had there been no revaluation, the related figures of leasehold land, buildings on leasehold land and plant and machinery would have been as follows :

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	……………………………Rupees……………………………					
Leasehold land	29,583,387	-	29,583,387	29,583,387	-	29,583,387
Buildings on leasehold land	397,883,262	95,999,779	301,883,483	397,883,262	80,111,174	317,772,088
Plant and machinery	1,802,632,148	455,173,517	1,347,458,631	1,694,386,136	387,578,963	1,306,807,173
	2,230,098,797	551,173,296	1,678,925,501	2,121,852,785	467,690,137	1,654,162,648

4.4 Disposal of property, plant and equipment

Details of plant and equipment disposed off during the year are as follows:

Particulars	Cost / revalued amount	Accumulated depreciation	Carrying value	Sale proceeds	Mode of disposal	Particulars of buyers
	……………………Rupees……………………					
Plant and machinery	63,667	1,857	61,810	500,000	Negotiation	AMS Enterprise, Plot no.D-126, Bawany, Challi, SITE Town, Karachi.
Vehicle	1,370,370	906,961	463,409	1,126,786	Negotiation	Mr. Maaz Saleem, House No.2290, Block-2, Metrowill-3, Malir Karachi.
Vehicle	1,695,175	783,548	911,627	911,627	Negotiation	Mr. Shakeel-ur-Rehman, Flat No.B-301, Creek Vista, D.H.A, Karachi
Vehicle	1,079,000	1,022,276	56,724	56,724	Negotiation	Mr. Farooq Advani, B-118, K.D.A.Officers Housing Society, Block-A, Karachi
Vehicle	1,018,625	520,631	497,994	851,000	Negotiation	Mr. Numeri Abrar, H.No.A-50, Gulistan-e-Johar, Block-6, Karachi
Office equipment	72,000	-	72,000	72,000	Written off	-
Assets having carrying value less than Rs. 50,000	826,561	721,443	105,118	109,379	Negotiation	Various
June 30, 2016	6,125,398	3,956,716	2,168,682	3,627,516		
June 30, 2015	23,096,480	9,033,534	14,062,946	11,543,064		

4.5 Capital work in progress

	2016	2015
	……………. Rupees…………….	
Buildings	127,451,534	1,553,978
Plant and machinery	-	1,132,189
Factory equipment	3,366,940	6,148,306
Furniture and fixtures	13,200	-
Office equipment	-	250,000
	130,831,674	9,084,473

5. INTANGIBLE ASSETS

	Cost			Amortization			Carrying value as at June 30, 2016	Rate of amortization
	As at July 01, 2015	Additions	As at June 30, 2016	As at July 01, 2015	Charge for the year	As at June 30, 2016		
	Rupees							%
License fee	667,302	-	667,302	379,148	133,460	512,608	154,694	20
ERP software	6,211,304	-	6,211,304	3,515,781	1,242,265	4,758,046	1,453,258	20
	6,878,606	**-**	**6,878,606**	**3,894,929**	**1,375,725**	**5,270,654**	**1,607,952**	

For comparative period

	Cost			Amortization			Carrying value as at June 30, 2015	Rate of amortization
	As at July 01, 2014	Additions	As at June 30, 2015	As at July 01, 2014	Charge for the year	As at June 30, 2015		
	Rupees							%
License fee	667,302	-	667,302	245,686	133,460	379,146	288,156	20
ERP software	6,211,304	-	6,211,304	2,273,522	1,242,261	3,515,783	2,695,521	20
	6,878,606	**-**	**6,878,606**	**2,519,208**	**1,375,721**	**3,894,929**	**2,983,677**	

6. LONG-TERM INVESTMENTS

2016	2015		Note	2016	2015
Number of shares of Rs.10 each				……….Rupees……….	
		Available-for-sale			
91,439	91,439	**Listed shares - Samba Bank Limited**		699,470	489,172

6.1 Listed Shares - Samba Bank Limited

	2016	2015
As on July 01	489,172	608,950
Unrealised gain / (loss) on remeasurement at fair value	210,298	(119,778)
As on June 30	699,470	489,172

7. STORES, SPARES AND LOOSE TOOLS

	Note	2016	2015
Stores and spares	7.1	56,028,696	39,278,469
Loose tools		12,132	74,273
		56,040,828	39,352,742

7.1 It includes stores and spares in transit amounting to Rs. 2.563 million (2015 : Rs. 3.04 million).

7.2 Stores, spares and loose tools include items which may result in fixed capital expenditure but are not distinguishable.

	Note	2016	2015
		..........Rupees..........	
8. STOCK-IN-TRADE			
Raw material		556,362,095	682,397,480
Work-in-process		29,729,797	27,163,287
Finished goods	8.1	139,332,151	243,273,721
Waste		5,305,083	3,936,190
		730,729,126	956,770,678

8.1 Net realizable value of finished goods were lower than its cost, which resulted in write down of Rs. 6.39 million (2015: Rs. 20.92 million) charged to cost of sales.

	Note	2016	2015
		..........Rupees..........	
9. TRADE DEBTS			
Considered good			
Export - secured	9.1	109,711,392	262,526,679
Local - unsecured		189,428,819	112,510,756
Considered doubtful			
Local - unsecured		546,502	-
Provision for doubtful debts	9.4	(546,502)	-
		-	-
		299,140,211	375,037,435

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

9.2 Trade debts are non-interest bearing and are generally on 7 to 45 (2015: 7 to 120) days credit term.

9.3 As at June 30, 2016, trade debts aggregating Rs. 140.47 million (2015: Rs. 99.08 million) were past due for which the Company has made provision of Rs. 0.55 million. The aging of these past due trade debts is as follows:

	2016	2015
	..........Rupees..........	
9.3.1 Ageing of debts past due but not impaired		
1-30 days	119,238,577	80,884,998
31-90 days	21,113,618	14,554,411
91 & above	122,582	3,646,081
	140,474,777	99,085,490

9.4 The movement in provision during the year is as follows:

	2016	2015
Balance at the beginning of the year	-	-
Provision during the year	546,502	-
Balance at the end of the year	546,502	-

10. LOANS AND ADVANCES

	Note	2016	2015
		……….Rupees……….	
Considered good			
Due from employees	10.1	7,825,149	5,392,607
Advance:			
to suppliers		75,772,888	5,798,843
against letters of credit		3,706,496	36,848,187
against expenses		176,516	549,258
Advance income tax		220,902,174	161,569,406
		308,383,223	210,158,301

10.1 These represent short term interest free loan to employees as per Company's policy. These are adjustable against salaries and recoverable within a period of one year.

11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2016	2015
Deposits	21,825	21,825
Short-term prepayments	13,748,441	2,370,486
	13,770,266	2,392,311

12. OTHER FINANCIAL ASSETS

	Note	2016	2015
Held to maturity			
Term Deposit Receipts	12.1	27,536,451	21,036,451

12.1 This represent investment made in term deposit receipts held for a period of six months with a markup rate ranging between 4.5% to 6% (2015: 5.8% to 6.8%) per annum.

13. CASH AND BANK BALANCES

	Note	2016	2015
		……….Rupees……….	
Cash at bank			
In current accounts		44,068,782	39,893,802
In savings accounts	13.1	475,830	81,876
		44,544,612	39,975,678
Cash in hand		1,418,064	1,162,286
		45,962,676	41,137,964

13.1 These carry effective markup @ of 3.75% to 4% (2015: 4.5% to 6.5%) per annum.

14. SHARE CAPITAL

2016	2015		2016	2015
Number of ordinary shares			……….Rupees……….	
		Authorised capital		
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	Issued against settlement of loan	10,387,000	10,387,000
303,870	303,870	Bonus shares	3,038,700	3,038,700
3,342,570	3,342,570		33,425,700	33,425,700

14.1 The Company has one class of ordinary shares which carries no right to fixed income. The shareholders 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.

14.2 Shares of the Company held by an associated company at the reporting date are as follows:

Name of the associated company	2016	2015
	Number of ordinary shares of Rs. 10 each	
Island Textile Mills Limited	366,300	366,300

14.3 The Company has no reserved shares for issuance under options and sales contracts.

15. RESERVES

	Note	2016	2015
		……….Rupees……….	
General reserves			
Opening reserves		750,000,000	750,000,000
Less: Transfer from general reserves		(250,000,000)	-
		500,000,000	750,000,000
Other reserve	15.1	5,996,360	5,996,360
Unrealized loss on investment classified as available-for-sale		(107,720)	(318,018)
		505,888,640	755,678,342

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

16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book values resulting from the revaluation of leasehold land, buildings on leasehold land, and plant and machinery.

	Note	2016	2015
		……….Rupees……….	
Balance at July 01		1,583,021,104	1,120,752,654
Revaluation surplus during the year		-	496,859,547
Transferred to accumulated losses on account of			
- incremental depreciation		(45,421,433)	(26,677,914)
- disposal		(202,598)	(7,913,183)
		(45,624,031)	(34,591,097)
Balance at June 30		1,537,397,073	1,583,021,104

17. LONG-TERM FINANCES

	Note	2016	2015
From banking companies - secured			
Term finance	17.1	963,360,156	852,680,405
Car finance	17.2	3,981,299	5,299,208
		967,341,455	857,979,613
Less: Current portion shown under current liabilities			
Term finance		(166,147,774)	(130,567,774)
Car finance		(932,594)	(1,301,756)
		(167,080,368)	(131,869,530)
		800,261,087	726,110,083

17.1 These facilities are obtained from a banking company which are secured against first equitable mortgage on fixed assets and first specific charge over imported machinery and are subject to mark-up rate of 3 - 6 months KIBOR plus 1 % to 1.25 % per annum (2015: 3 - 6 months KIBOR plus 1 % to 1.25 % per annum). These finances are repayable in six monthly installments upto March 2023.

17.2 These represents finances obtained from a banking company which are secured against vehicles acquired from such loans and guarantees of the Company. These finances are subject to mark-up at the rate of three months KIBOR plus 1% and 13% per annum (2015: three months KIBOR plus 1% - 1.30% and 13% per annum) per annum and are repayable in 60 monthly installments ending in April 2020.

18. DEFERRED LIABILITIES

	Note	2016	2015
		……….Rupees……….	
Staff gratuity	18.1	69,203,442	60,264,011
Compensated absences		2,149,789	3,242,321
		71,353,231	63,506,332

18.1 Staff gratuity

Defined Benefit Scheme

	Note	2016	2015
Workmen	18.1.1	34,719,174	25,364,817
Non workmen	18.1.13	34,484,268	34,899,194
		69,203,442	60,264,011

18.1.1 Workmen

The details of the workmen - defined benefit scheme obligation based on actuarial valuations carried out by independent actuary as at June 30, 2016 under the Projected Unit Credit Method, are as follows:

Net liability in the balance sheet	2016	2015
	……….Rupees……….	
Present value of defined benefit obligation	34,719,174	25,364,817

18.1.2 Expense recognised in the profit and loss account

	2016	2015
Current service cost	11,516,826	12,585,096
Interest cost	2,173,476	1,663,573
	13,690,302	14,248,669

18.1.3 Remeasurement losses / (gains) recognised in other comprehensive income

	2016	2015
Actuarial gains on defined benefit obligation		
Changes in financial assumptions	9,200,558	-
Experience adjustments	(4,206,403)	169,731
	4,994,155	169,731

	2016	2015
	..........Rupees..........	

18.1.4 Movement in defined benefit obligation

	2016	2015
As at July 01	25,364,817	18,628,217
Current service cost	11,516,826	12,585,096
Interest cost	2,173,476	1,663,573
Actuarial loss	4,994,155	169,731
Benefits paid during the year	(9,330,100)	(7,681,800)
As at June 30	34,719,174	25,364,817

18.1.5 Movement in net liability in the balance sheet

	2016	2015
Balance as at July 01	25,364,817	18,628,217
Add: Charge for the year	13,690,302	14,248,669
Remeasurement loss recognised in other comprehensive income	4,994,155	169,731
Less: Payment made during the year	(9,330,100)	(7,681,800)
Balance as at June 30	34,719,174	25,364,817

18.1.6 The principal assumptions used in the valuation of gratuity (Workmen - defined benefit scheme)

	2016	2015
Discount rate (% per annum)	10.5	10.5
Expected rate of salary increase (% per annum)	10.5	8.5
Mortality rate	Adjusted SLIC 2001-05	SLIC 2001-05
Expected withdrawal rate for actuarial assumptions	Moderate	Moderate

18.1.7 Sensitvity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		..........Rupees..........	
Discount rate	1%	(4,903,147)	6,165,575
Expected rate of salary increase	1%	6,287,470	(5,077,696)
Mortality age	1 year	31,247	(31,248)
Withdrawal rates	10%	451,349	(381,911)

For comparative period

Discount rate	1%	(2,335,183)	2,807,364
Expected rate of salary increase	1%	2,958,921	(2,494,362)
Withdrawal rates	10%	207,533	(222,758)

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit method at the end of the reporting period) has been applied as when calculating the liability for gratuity recognised within the balance sheet.

18.1.8 The scheme exposes the Company to the actuarial risks such as:

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Longevity risks

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

Salary risks

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

18.1.9 Expected contribution to the scheme for the year ending June 30, 2017 is Rs. 18,898,938.

18.1.10 The weighted average duration of the defined benefit obligation in years is 15.01 (2015: 10.71)

18.1.11 The expected maturity analysis of undiscounted retirement benefit obligation is:

	2016	2015
	Undiscounted payments	
	----------Rupees---------	
Year 1	2,311,522	1,059,115
Year 2	3,938,289	674,315
Year 3	5,158,094	1,704,573
Year 4	6,195,380	1,183,565
Year 5	7,041,097	1,402,129
Year 6-10	42,616,514	8,318,964
Year 11 and above	159,269,489	180,547,715

18.1.12 There are no plan assets against defined benefit obligation.

18.1.13 Non workmen

	2016	2015
	……….Rupees……….	
Balance as at July 01	34,899,194	32,638,626
Charge for the year	9,329,550	8,726,710
Payment during the year	(9,744,476)	(6,466,142)
Balance as at June 30	34,484,268	34,899,194

	Note	2016	2015
		……….Rupees……….	

19. TRADE AND OTHER PAYABLES

	Note	2016	2015
Creditors		41,472,596	56,587,298
Foreign bills payable		203,018,248	-
Accrued liabilities	19.1 & 19.2	353,370,042	311,404,567
Advance from customers		96,429	859,666
Workers' Welfare Fund		36,610,665	34,079,603
Withholding income tax		2,538,154	1,191,340
Sales tax payable		1,178,706	487,440
Unclaimed dividend		1,124,326	1,124,496
Others		223,096	2,074,558
		639,632,262	407,808,968

19.1 This includes Rs. 199.66 million (2015: Rs. 209.90 million) payable to an associated undertaking in respect of power charges.

19.2 This includes Rs. 55.30 million (2015: Rs. 44.41 million) provision for Sindh Development and Infrastructure Cess which was levied by the Sindh 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 challenged by the Company along with other companies in the Sindh High Court (SHC). The High Court of Sindh through an interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess 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, the Company has paid Rs. 55.30 million (50%) of the value of infrastructure cess in cash and recorded liability for the remaining amount which is supported by a bank guarantee.

	Note	2016	2015
		……….Rupees……….	

20. INTEREST / MARK-UP ACCRUED ON BORROWINGS

	Note	2016	2015
Long-term finances		19,898,767	22,814,560
Short-term borrowings		7,812,205	23,961,801
		27,710,972	46,776,361

21. SHORT-TERM BORROWINGS

From banking companies - secured

	Note	2016	2015
Finance against import / export	21.1	715,990,390	611,306,136
Short term running finances	21.2	364,069,937	498,201,689
		1,080,060,327	1,109,507,825

21.1 These facilities are secured against pledge of imported cotton, exports are secured through hypothecation of stocks and receivables, pledge of cotton and exports proceeds. These facilities are subject to markup rate of three month KIBOR plus 0.65% to 1% and fixed rate ranging from 1.1% to 1.80% inclusive of LIBOR (2015: three month KIBOR plus 0.75% and fixed rate ranging from 1.90% to 4 %) per annum.

21.2 These facilities are secured against pledge of stock and hypothecation of stocks and receivables. These facilities are subject to markup rate of three month Kibor plus 0.30% to 1% (2015: 0.65% to 0.75%) per annum.

21.3 Total facilities available to the Company from various commercial banks amounted to Rs. 3,495 million (2015: Rs. 3,870 million) out of which aggregate unavailed facilities amounted to Rs 2,415 million (2015: Rs. 2,760 million).

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

There is no contingent liability against the Company as at June 30, 2016 and June 30, 2015.

		Note	2016	2015
			..........Rupees..........	
22.2 Commitments				
(i)	Civil works		60,169,951	1,921,793
(ii)	Letters of credit			
	- plant and machinery		-	42,111,000
	- stores and spares		3,011,111	693,028
	- raw materials		74,688,223	27,360,713
(iii)	Bank guarantees issued on behalf of the Company	22.2.1	108,165,872	95,165,872
(iv)	Bills discounted			
	- local		18,540,515	6,900,696
	- export		614,061,857	354,992,070
(v)	Outstanding sales contract		168,711,202	42,917,138

22.2.1 This includes bank guarantee related to Sindh Development Infrastructure Cess amounting to Rs. 67.1 million (2015: Rs. 54.1 million).

23. SALES - NET

	Note	2016	2015
		..........Rupees..........	
Export			
-Yarn		2,975,094,973	2,922,304,310
-Yarn (indirect export)		194,394,872	1,060,164,567
-Waste		-	283,317
		3,169,489,845	3,982,752,194
Local			
-Yarn		1,456,627,028	275,785,847
-Raw material		337,109,467	160,712,266
-Waste		60,846,637	56,425,516
		1,854,583,132	492,923,629
		5,024,072,977	4,475,675,823
Less:			
Discount		(17,600)	-
Sales tax		(48,472,500)	(27,320,124)
		4,975,582,877	4,448,355,699

	Note	2016	2015
		..........Rupees..........	

24. COST OF GOODS SOLD

	Note	2016	2015
Cost of goods manufactured	24.1	4,522,139,678	4,047,673,507
Finished goods (including waste stock)			
Opening stock		247,209,911	186,669,674
Closing stock	8	(144,637,234)	(247,209,911)
		102,572,677	(60,540,237)
Cost of manufactured goods sold		4,624,712,355	3,987,133,270
Cost of raw material sold		332,630,497	192,222,256
		4,957,342,852	4,179,355,526

24.1 Cost of goods manufactured

	Note	2016	2015
Raw material	24.1.1	3,470,628,479	3,027,939,322
Packing material		75,395,950	80,599,932
Stores and spares		68,205,935	66,933,141
Power and fuel		426,357,629	447,540,030
Salaries, wages and benefits	24.1.2	303,773,296	266,579,441
Depreciation	4.2	138,059,921	102,445,730
Insurance		10,222,886	10,180,668
Repairs and maintenance		9,772,938	11,612,710
Other overheads		22,289,154	26,957,854
		4,524,706,188	4,040,788,828
Work-in-process			
Opening stock		27,163,287	34,047,966
Closing stock	8	(29,729,797)	(27,163,287)
		(2,566,510)	6,884,679
		4,522,139,678	4,047,673,507

24.1.1 Raw material consumed

	Note	2016	2015
Opening stock		682,397,480	629,002,568
Purchases - net		3,344,593,094	3,081,334,234
		4,026,990,574	3,710,336,802
Closing stock	8	(556,362,095)	(682,397,480)
		3,470,628,479	3,027,939,322

24.1.2 Salaries, wages and benefits include Rs. 19.36 million (2015: Rs. 18.55 million) in respect of staff retirement benefits.

25. DISTRIBUTION COST

	Note	2016	2015
		..........Rupees..........	
Brokerage and commission		38,197,976	38,650,931
Export expenses		45,643,418	45,556,445
Local freight and handling		8,062,506	3,842,334
Sea freight		23,635,850	29,765,081
Staff salaries and benefits	25.1	4,515,527	5,250,379
Bank charges		368,238	1,368,574
Local selling expenses		1,812,937	3,929,924
Others		83,850	77,971
		122,320,302	128,441,639

25.1 Staff salaries and benefits include Rs. 0.60 million (2015 : Rs. 0.34 million) in respect of the staff retirement benefits.

	Note	2016	2015
		..........Rupees..........	

26. ADMINISTRATIVE EXPENSES

	Note	2016	2015
Staff salaries and benefits	26.1	62,449,471	50,358,411
Directors remuneration		5,645,000	5,155,000
Depreciation	4.2	9,632,466	10,131,953
Legal and professional		5,718,014	1,414,640
Rent rates and taxes		3,067,920	3,065,170
Fees and subscription		3,141,757	4,319,434
Utilities		2,392,462	1,898,351
Traveling and conveyance		1,215,436	935,095
Provision for doubtful debts	9.4	546,502	-
Vehicles running		2,415,579	1,981,311
Printing and stationery		485,656	777,126
Postage and telephone		2,286,542	2,123,666
Amortization	5	1,375,725	1,375,721
Auditors' remuneration	26.2	1,335,000	1,367,000
Donation	26.3	1,200,000	2,353,600
Repairs and maintenance		1,405,990	1,453,259
Insurance		1,096,004	1,074,480
Other		613,552	845,521
		106,023,076	90,629,738

26.1 Staff salaries and benefits include Rs. 3.05 million (2015 : Rs. 3.81 million) in respect of the staff retirement benefits.

26.2 Auditors' remuneration

	2016	2015
Annual audit fee	650,000	650,000
Fee for review of :		
- Condensed interim financial information	75,000	75,000
- Statement of compliance with Code of Corporate Governance	25,000	25,000
Tax services	-	100,000
Certifications and other services	585,000	517,000
	1,335,000	1,367,000

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

27. OTHER OPERATING EXPENSES

	2016	2015
	..........Rupees..........	
Workers' Welfare Fund	2,531,062	3,169,572
Loss on disposal of property, plant and equipment	-	2,519,876
Exchange loss - net	6,276,938	10,011,662
	8,808,000	15,701,110

28. FINANCE COST

	2016	2015
Interest / mark-up on :		
Long-term finances	67,415,092	80,788,317
Short-term borrowings	91,929,627	57,899,329
Workers' Profit Participation Fund	-	21,782
Letters of credit discounting charges	5,348,432	4,972,597
Bank charges and guarantee commission	4,298,361	1,616,166
	168,991,512	145,298,191

	Note	2016	2015
		..........Rupees..........	

29. OTHER INCOME

	Note	2016	2015
Income from financial assets			
Profit on term deposits receipts		1,343,981	1,690,781
Profit on savings accounts		444,384	640,759
		1,788,365	2,331,540
Income from non-financial assets			
License income		4,247,100	4,247,100
Rent income		600,000	904,533
Insurance claim		-	176,474
Gain on disposal of property, plant and equipment		1,458,834	-
		6,305,934	5,328,107
		8,094,299	7,659,647

30. TAXATION

	Note	2016	2015
Current			
- for the year		40,727,049	40,039,612
- for prior year			
Tax credit - u/s 65B		(40,755,186)	-
Charge		4,443,945	2,270,637
		(36,311,241)	2,270,637
Deferred	30.2	-	-
		4,415,808	42,310,249

30.1 The numerical reconciliation between the tax expense and accounting loss 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

30.2 As per circular 20 of 1992 issued by tax authorities, a Company having export sales more than 80 percent of the overall sales can opt for taxation under Final Tax Regime. The Company's management, has considered the said option for filing the income tax return in the prior years therefore no deferred tax has been recognized in these financial statements.

31. EARNINGS PER SHARE - BASIC AND DILUTED

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

	2016	2015
Loss for the year	(384,224,374)	(145,721,107)
Weighted average number of ordinary shares in issue	3,342,570	3,342,570
Earnings per share (Rupees)	(114.95)	(43.60)

32. CASH AND CASH EQUIVALENTS

	2016	2015
	..........Rupees..........	
Cash and bank balances	45,962,676	41,137,964
Short-term running finances	(364,069,937)	(498,201,689)
	(318,107,261)	(457,063,725)

33. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of remuneration and benefits to the Chief Executive and Executives are as follows:

	2016		2015	
	Chief Executive	Executives	Chief Executive	Executives
	.... Rupees			
Remuneration	5,645,000	47,784,814	5,040,000	36,513,385
Bonus / Ex-gratia	-	4,551,650	400,000	3,011,127
Retirement benefits	460,000	3,145,400	400,000	3,011,127
Leave encashment	-	1,121,800	-	1,505,563
Medical	-	185,420	-	-
	6,105,000	56,789,084	5,840,000	44,041,202
No. of person	1	33	1	24

33.1 The Chief Executive and certain Executives are also entitled for use of car owned and maintained by the Company.

33.2 An amount of Rs. 0.12 million (2015: Rs 0.12 million) has been charged in these financial statements in respect of fee paid to Directors for attending Board meetings.

34. PLANT CAPACITY AND ACTUAL PRODUCTION

	2016	2015
Number of spindles installed	36,708	36,708
Number of spindles worked	36,708	36,708
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count-kgs	12,806,181	12,806,181
Actual production of yarn after conversion into 20/s count-kgs	12,189,196	10,814,390

35. NUMBER OF EMPLOYEES

	2016	2015
Average number of employees during the year	1,341	1,322
Number of employees as at June 30	1,401	1,319

36. 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 agreed 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 33 and amount due in respect of staff retirement benefits is disclosed in note 18. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2016	2015
		……….Rupees……….	
Associated undertakings			
	Purchase of power	405,050,038	425,742,838
	Sale of raw material	297,841,201	114,319,337
	Purchase of raw material	-	42,088,538
	Share of expenses paid	2,407,895	3,959,955
	Share of expenses received	3,682,022	2,918,877
	Purchase of machinery	3,261,111	549,450
	License income	4,247,100	4,247,100
	Sale of machinery	-	6,500,000
	Rent income	600,000	-
Directors	Rent expense	3,628,920	3,628,920
Key management personnels	Sale of vehicles	968,351	-

37. FINANCIAL INSTRUMENTS BY CATEGORY

	2016	2015
Financial assets as per balance sheet		
Loans and receivables at amortized cost		
- Long term deposits	1,037,339	1,012,339
- Trade debts	299,140,211	375,037,435
- Loans	7,825,149	5,392,607
- Trade deposits	21,825	21,825
- Other receivables	403,811	403,414
- Cash and bank balances	45,962,676	41,137,964
	354,391,011	423,005,584
Held to maturity		
- Other financial assets	27,536,451	21,036,451
Available for sale		
- Long term investment	699,470	489,172
	382,626,932	444,531,207
Financial liabilities as per balance sheet		
Financial liabilities measured at amortized cost		
- Long term finance	967,341,455	857,979,613
- Trade and other payables	599,208,308	371,190,919
- Interest / mark up accrued on borrowings	27,710,972	46,776,361
- Short term borrowings	1,080,060,327	1,109,507,825
	2,674,321,062	2,385,454,718

37.1 Fair values of financial assets and liabilities

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

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values as the items are short term in nature.

(b) Fair value estimation

The Company discloses the financial instruments measured in the balance sheet at fair value in accordance with the following fair value hierarchy:

- 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).

As at year end long term investment comprising listed shares of Samba Bank Limited amounting to Rs. 0.699 million (2015 : Rs. 0.489 million) are classified as level 1. Other than that there are no such financial assets or liabilities which can be classified under the above levels.

37.2 The Company's freehold land, buildings on leasehold land and plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's freehold land, buildings on leasehold land and plant and machinery carried out as at June 30, 2015 were performed by Messer Iqbal A.Nanjee & Company (Private) Limited (valuer), an independent valuer not related to the Company. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery.

Details of Company's free hold land, buildings on leasehold land and plant and machinery and information about the fair value hierarchy as at end of 30 June 2016 are as follows:

	June 30, 2016			
	Level 1	Level 2	Level 3	Total
	---------------------- Rupees ----------------------			
Freehold land	-	696,000,000	-	696,000,000
Buildings on free hold land	-	490,573,251	-	490,573,251
Plant and machinery	-	2,029,749,324	-	2,029,749,324
	-	3,216,322,575	-	3,216,322,575

	June 30, 2015			
	Level 1	Level 2	Level 3	Total
	------------------------ Rupees -------------------			
Freehold land	-	696,000,000	-	696,000,000
Buildings on free hold land	-	516,392,896	-	516,392,896
Plant and machinery	-	2,024,790,856	-	2,024,790,856
	-	3,237,183,752	-	3,237,183,752

There were no transfers between levels of fair value hierarchy during the year.

38. FINANCIAL MANAGEMENT OBJECTIVES AND POLICIES

38.1 Financial risk factors

Introduction and overview

The Company has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, Company's objectives, policies and processes for measuring and managing risk.

Financial risk factors and risk management framework

The Company’s overall risk management programme focuses on having cost effective funding as well as management of financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in Company's activities but it is managed through monitoring and controlling activities which are based on internal controls set on different activities of the Company by the Board of Directors. These controls reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept.

The Board along with the Company's finance and treasury department oversees the management of the financial risks reflecting changes in the market conditions and also the Company's risk taking activities providing assurance that these activities are governed by appropriate policies and procedures and that the financial risk are identified, measured and managed in accordance with the Company policies and risk appetite.

38.1.1 Market risk

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

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company exports yarn and waste stock to foreign customers which exposes it to currency risk. As at June 30, 2016, financial assets includes trade debts and bank accounts in foreign currency amounting to Rs.118.31 million (2015: Rs. 271.8 million) equivalent to US$ 1.13 million (2015: US$ 2.67 million) and financial liabilities include foreign bills payable, foreign commission payable and finance against import and export amounting to Rs. 923.45 million (2015: Rs. 536.60 million) equivalent to US$ 8.83 million (2015: US$ 5.28 million). The average rates applied during the year is Rs.103.40 / US $ (2015: Rs. 101.88 /US $) and the spot rate as at June 30, 2016 was Rs.104.50 / US$ (2015: Rs. 101.70 /US$).

At June 30, 2016, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, loss for the year would have been lower / higher by Rs. 80.51 million (2015 : Rs. 80.94 million), mainly as a result of foreign exchange gains / losses on translation of foreign currency trade debts, US Dollar bank balance and US Dollar denominated borrowings.

(b) Interest rate risk management

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

The Company's interest rate risk arises from savings accounts with banks, other financial assets (TDRs), long term finances and short term borrowings amounting to Rs. 2.04 billion (financial liabilities on a net basis) (2015: Rs. 1.96 billion). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

Variable rate instruments	Carrying amount 2016	2015
	.... Rupees	
Financial assets		
- savings accounts with banks	475,830	81,876
less: Financial liabilities		
- long term finances	963,360,156	852,680,405
- short term borrowings	1,080,060,327	1,109,507,825
	(2,043,420,483)	(1,962,188,230)
Net financial liabilities at variable interest rates	(2,042,944,653)	(1,962,106,354)

Cash flow sensitivity analysis for variable rate instrument

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Company's loss for the year ended June 30, 2016 would increase / decrease by Rs. 20.02 million (2015: Rs.12.82 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Fixed rate instruments

The Company has invested an amount of Rs 27.54 million (2015: Rs 21.03 million) at interest rate of 4.5% to 6% per anum (2015: 5.8% to 6.8%) in Term Deposits Receipts (TDRs).

(c) Equity price risk

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

As at reporting date the Company is not materially exposed to equity securities price risk as it has investment amounting to Rs. 0.69 million (2015: Rs. 0.48 million) in the shares of Samba Bank Limited.

If equity price would have been 10% higher / lower with all others variables held constant, other comprehensive income for the year of the company would have been higher / lower by Rs. 69,947 (2015: Rs. 48,917)

38.1.2 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Financial assets which are subject to credit risk amounted to Rs. 381.20 million (2015: Rs. 443.37 million).

The Company is exposed to credit risk from its operating activities (primarily balances with banks, trade debts and loans) 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.

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 trade debts, where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. At June 30, 2016 the Company had approximately 6 (2015: 5) major customers that owed more than Rs. 10 million each and accounted for approximately 87% (2015 : 82%) of local trade debts. Other debts amounting to Rs. 109.71 million (2015 : Rs. 262.53 million) are secured against letters of credit.

Credit risk related to other assets

Credit risk from other assets primarily relates to Company's investment in term deposits issued by a bank (note 12). The risk is managed through ensuring that such investments are made in instruments issued by reputed banks with good credit ratings. The credit rating of the investee banks is A1+ and AA+ for short term and long term respectively.

38.1.3 Liquidity risk

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 short term borrowings. 70% of the Company's debt will mature in less than one year at June 30, 2016 (2015: 66%) based on the carrying value of borrowings reflected in the financial statements.

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 years	1 - 5 years	More than 5 years	Total
2016		………… Rupees …………					
Long term financing	7% to 13%	17,377,304	48,150,090	101,552,974	694,560,539	105,700,548	967,341,455
Trade and other payables	-	178,967,606	355,744,520	64,496,182	-	-	599,208,308
Interest / mark-up accrued on loans	-	20,091,642	5,693,235	1,926,095	-	-	27,710,972
Short term borrowings	Three months KIBOR plus 0.65% to 1%	363,638,210	716,422,117	-	-	-	1,080,060,327
		580,074,762	**1,126,009,962**	**167,975,251**	**694,560,539**	**105,700,548**	**2,674,321,062**

	Interest rate	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
2015		………… Rupees …………					
Long term financing	9% - 13%	17,283,887	48,366,045	66,219,598	656,557,608	69,552,475	857,979,613
Trade and other payables		27,723,089	273,713,464	26,600,405	79,772,010	-	407,808,968
Interest / mark-up accrued on loans		22,570,081	16,972,876	5,307,309	1,926,095	-	46,776,361
Short-term borrowings	Three months KIBOR plus 0.7% to 1%	622,583,754	317,049,348	169,874,723	-	-	1,109,507,825
		690,160,811	**656,101,733**	**268,002,035**	**738,255,713**	**69,552,475**	**2,422,072,767**

38.1.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.
- operational and qualitative track record of the plant and equipment supplier and related service providers.

39. CAPITAL RISK MANAGEMENT

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 Company is not subject to any externally imposed capital requirements.

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 dividend payment to the shareholders or issue new shares. The Company's overall strategy remains unchanged from previous year.

The gearing ratio at June 30, 2016 and June 30, 2015 were as follows:

	2016	2015
	……….Rupees……….	
Total debts	**2,047,401,782**	1,967,487,438
Less: cash and bank balances	**(45,962,676)**	(41,137,964)
Net debt	**2,001,439,106**	1,926,349,474
Total equity	**610,135,558**	953,519,758
Adjusted capital	**2,611,574,664**	2,879,869,232
Gearing ratio	**0.77**	0.67

40. 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.

The information with respect to operating segment is stated below:

(a) 59.80 (2015: 65.70) percent sales of the Company relate to customers outside Pakistan.
(b) All non-current assets of the Company as at year end are allocated within Pakistan.
(c) There are no customers whom sales made during the year exceeded 10 percent of total sales for the current and previous year.

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on September 17, 2016.

42. GENERAL

Figures have been rounded off to the nearest Rupee.

ADEEL SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

ERP کی سہولیات کی معلومات تمام کاروباری معاملات کے درمیان ترتیب دیئے گئے ہیں اوراس بات کو یقینی بنایا گیا ہے کہ تمام اسٹیک ہولڈرز کو متعلقہ معلومات صحیح وقت میں دستیاب ہوں اس کے علاوہ انتظامیہ کے ڈیٹا کے تحت صحیح فیصلہ کرنے کے مواقع حاصل ہوں۔

انسانی وسائل کی ترقی:
آپکی کمپنی انتظامیہ اپنے لوگوں کی تربیت اور ترقی کے لئے پرعزم ہے اوراس امر کو یقینی بنانے کے لئے مسلسل کوشاں ہے کہ کمپنی میں متواتر تربیت کا ماحول تشکیل دیا جائے۔
تخلیقی صلاحیتوں، خودمختاری، تکنیکی اور قائدانہ صلاحیتوں کی پذیرائی کے لئے کارپوریٹ کلچر کو برقرار رکھا گیا ہے۔
کمپنی میں بطور تربیت دینے کے عمل، نوجوان اور متوقع لیڈرز کو موقع فراہم کیا جاتا ہے۔ہم نے اس سال کوالٹی کنٹرول، سیفٹی اور ہیلتھ، لیڈرشپ، مینجمنٹ کے لئے درکار صلاحتوں سے متعلق کانفرنسوں کا انعقاد کمپنی کے اندر اور دیگر مقامات پر کیا گیا ہے۔
آپکی کمپنی ملازمین کی کارکردگی کا تسلسل کے ساتھ جائزہ لینے اور باصلاحیت ملازمین کی ترقی کے لئے بہترین مواقع پیدا کرنے کے لئے پرفارمنس مینجمنٹ ریویوسسٹم رکھتی ہے۔ کمپنی غیراخلاقی کاروباری سرگرمیوں اور رویوں کے سلسلے میں عدم برداشت کی پالیسی پر کاربند ہے۔

مستقبل پر نظر:
ہماری معیار کے ساتھ وابستگی بہت زیادہ ہے لہذا ہمارا زیادہ تر سرمایہ معیار اور نئی مصنوعات پر خرچ ہوتا ہے۔
اور ہم نے یہ پلاننگ کی ہے کہ سلفی ٹیکسٹائل ملز پر TFO Plied Yarn کو شامل کیا جائے۔

اظہار تشکر:
ہم اپنی انتھک محنت اور مشقت کرنے والی ٹیم جنہوں نے اس ادارے کے اغراض و مقاصد کی تکمیل کیلئے اپنی خدمات پیش کی ہیں جس میں مصنوعات کا معیار بھی شامل ہے، بطور ٹیم ہم ان کے اور ہمارے فروخت کنندگان، بینکرز اور کاروباری حضرات کے بے حد مشکور ہیں جنہوں نے اس مشکل دور میں کاروبار اور معاشی اقتصادی حالات کے تحت تعاون کیا۔ ہم اپنے صارفین کے بھی مشکور ہیں جنہوں نے مستقل طور پر ہماری پروڈکٹ لائن پر اعتماد کا اظہار کیا۔

کراچی
مورخہ: 17 ستمبر 2016ء

انوار احمد ٹاٹا
چیئرمین

۳۔ پاکستانی روپے کی قدر دانی:

سال 2013 سے 2015 تک کرنسی کی امریکی ڈالر کے مقابلے میں تبدیلی نے پاکستانی روپے میں 3% کا اضافہ کیا ہے جبکہ انڈین روپے میں 8.1% ، بنگلہ دیش میں 0.6%، سری لنکا میں 9.3% اور چائنا میں 5.1% کی کمی واقع ہوئی ہے۔اس وجہ سے عالمی مارکیٹ میں مقابلہ کرنا مشکل ہوگیا ہے۔ماہر اقتصادیات نے یہ تخمینہ لگایا ہے کہ پاکستانی روپے کی قدر 20% سے زیادہ ہے۔

۴۔ مزدور کی لاگت:

علاقائی ممالک یعنی ویتنام، سری لنکا، بنگلہ دیش اور انڈیا سے موازنہ کے تحت پاکستان مزدور کے حوالے سے مہنگا ترین ملک ہے کیونکہ پاکستان میں مزدور کی کم سے کم اجرت 135 امریکی ڈالر ہے جس کا موازنہ ویتنام میں 90 امریکی ڈالر، سری لنکا میں 66 امریکی ڈالر، بنگلہ دیش میں 68 امریکی ڈالر اور انڈیا میں 90 امریکی ڈالر سے کیا جاسکتا ہے۔

بجلی کی لاگت:

ہم بجلی کی مد میں کافی زیادہ ادائیگی کررہے ہیں اس کا موازنہ رعلاقائی ممالک سے کیا جاسکتا ہے۔ پاکستان میں ٹیکسٹائیل کی صنعت کیلئے بجلی کے ریٹ تقریباً 11 سینٹ/کلوواٹ فی گھنٹہ ہیں جس کا موازنہ ویتنام میں 7 سینٹ، سری لنکا میں 9 سینٹ، بنگلہ دیش میں 7.3 سینٹ، چائنا میں 8.5 سینٹ اور انڈیا میں 9 سینٹ سے کیا جاسکتا ہے۔گیس کے ریٹ پاکستان میں 8/MMBTU ڈالر ہے جبکہ ویتنام میں 4.5 ڈالر، بنگلہ دیش میں 3 ڈالر، چائنا میں 6 ڈالر اور انڈیا میں 4.2 ڈالر ہے۔

ہم APTMA کی اپیل کی حمایت کرتے ہیں جس میں حکومت کو ٹیکسٹائیل کی صنعت کی بقاء اور کارکردگی کیلئے انسدادی اقدامات پر زور دیا گیا جیسا کہ:

- ☆ زیرو ریٹنگ سے متعلق بے ضابطگیوں کو فوری طور پر حل ہونا چاہیئے۔
- ☆ ٹیکسٹائیل کے خام مال پر صوبائی حکومت کی جانب سے 1.25% کے سیس کو ختم کیا جائے۔
- ☆ کاٹن کی درآمدات پر 5% سیلز ٹیکس کو ختم کیا جائے۔
- ☆ کسٹم ڈیوٹی 4% کو ختم کیا جائے۔
- ☆ گیس انفراسٹرکچر ڈویلپمنٹ سیس (GIDC) علاقائی ممالک میں گیس کے محصولات کے موازنے کے مطابق ختم کیا جائے۔
- ☆ بجلی کے ریٹ پر تمام سرچارجز کو ختم کیا جائے۔
- ☆ DLTL (ڈرابیک آف لوکل ٹیکسز اینڈ لیویز) کے تحت یارن کی برآمدات میں 5% کے حساب سے قانون بنایا جائے
- ☆ اگلے پانچ سالوں کیلئے ٹرن اوور ٹیکس کو ختم کیا جائے۔
- ☆ بلاواسطہ برآمدات میں طویل مدتی مالیاتی سہولت (LTFF) شامل کی جائے۔

انفارمیشن ٹیکنالوجی:

آپ کی کمپنی اسٹیٹ آف دی آرٹ انفارمیشن ٹیکنالوجی انفراسٹرکچر رکھتی ہے اور عالمی سطح پر تکنیکی مہارتوں کے مطابق خود کو ڈھالنے اور انہیں اپنانے کے لئے پرعزم ہے۔آپکی کمپنی ERP کے ذریعے ڈیٹا مینجمنٹ سے موثر اور مسلسل فائدہ اٹھانے کے لئے کاروبار کو انفارمیشن ٹیکنالوجی سے ہم آہنگ کررہی ہے۔گزشتہ چند سالوں سے پورے ادارے میں ERP سلوشن کو ترتیب دیا ہے تاکہ سپلائی چین کی انتظامیہ اور Oracle Discreet Manufacturing Process Automation بمعہ دیگر Oracle کی بنیاد پر کوالٹی مینجمنٹ سسٹم کے ماڈلز میں کامیابی حاصل ہوسکے۔ کاروباری حکمت عملی، HRMS اور نیٹ ورک انفراسٹرکچر کے اسٹیٹ آف آرٹ کو بھی منظّم کیا جاسکے اس کے علاوہ بحالی کا پلان، DRP اور بزنس کمیونیکیشن کو محفوظ کیا جاسکے۔

چیئر مین کا جائزہ:

السلام علیکم رحمۃ اللہ و برکاتہ

میں بطور چیئر مین سلفی ٹیکسٹائل ملز لمیٹڈ نہایت مسرت کے ساتھ سالانہ آڈٹ شدہ اکاؤنٹ بمعہ آڈٹ رپورٹ برائے مالیاتی سال 30 جون 2016ء پیش کر رہا ہوں۔ زیرِ نظر مدت کے دوران ادارے کے مالیاتی نتائج حوصلہ افزاء نہیں ہیں کیونکہ کمپنی نے 379.809 ملین روپے قبل از ٹیکس خسارہ برداشت کیا ہے۔

ٹیکسٹائیل کی صنعت:

میں اس کاروبار میں ایک طویل عرصہ سے ہوں اور مجھے کسی حکومت میں برآمدی صنعت کی حالتِ ذار میں ایسے لاتعلق اور بے حس رویہ کا تجربہ نہیں ہوا جو کہ موجودہ حکومت میں ہے۔ پاکستان میں ٹیکسٹائیل کی صنعت ایک بڑا پیداواری مرکز ہے اور سب سے زیادہ ملازمتیں فراہم کرنے والا دوسرا بڑا مرکز ہے۔ اسکے علاوہ برآمدات کے ذریعے زرمبادلہ کی آمدنی تقریباً 60% حاصل کرتا ہے لیکن حکومتی پالیسی کے تحت ٹیکسٹائیل کی صنعتیں بند ہو رہی ہیں اور برآمدات میں کمی ہو رہی ہے۔

آل پاکستان ٹیکسٹائل ملز ایسوسی ایشن (APTMA) کے مطابق ہر روز ایک ٹیکسٹائیل مل بند ہو رہی ہے اور برآمدات میں بھی مبلغ 25.110 بلین امریکی ڈالر (سال 2014-2013 میں) سے کم ہو کر مبلغ 20.802 بلین امریکی ڈالر (سال 2016-2015 میں) رہ گئی ہے اور اس کمی کا تناسب 17% ہے۔

گزشتہ تین سالوں میں حکومت کی آمدنی میں 1.9 ٹرلین پاکستانی روپے سے لیکر 3.1 ٹرلین پاکستانی روپے کا اضافہ ہوا ہے لیکن یہ اضافہ ٹیکس ادا کرنے والوں کی تعداد میں اضافہ کی وجہ سے نہیں ہوا ہے بلکہ یہ اضافہ ٹیکسز کے ریٹ اور ودہولڈنگ ٹیکسز کے اکاؤنٹ کے تحت ہوا ہے۔

آپ کی کمپنی کی ناقص کارکردگی کے اسباب بہت بڑے ٹیکسز، سرچارجز اور ڈیوٹیز کے بوجھ ہیں جس کی تفصیلات درج ذیل ہیں:

ا۔ کمپنی کی جانب سے حد سے زیادہ ادا کردہ ٹیکسز:

زیرِ نظر سال کے دوران کمپنی نے قومی خزانے میں مختلف اکاؤنٹس کے تحت تقریباً 140 ملین پاکستانی روپے شامل کئے ہیں جس میں ودہولڈنگ ٹیکسز، سیلز ٹیکس، انفراسٹرکچر سیس، سروسز پر سیلز ٹیکس، کسٹم ڈیوٹیز، کاٹن سیس، ٹیکسٹائل سیس، سوشل سیکیورٹی، انکم ٹیکس، EOBI، ایجوکیشن سیس اور ریونیو اسٹیمپ وغیرہ شامل ہیں۔

۲۔ خام کاٹن اور فائبر:

پاکستان میں پیداوار کے مقابلے میں کاٹن کا اصراف زیادہ ہے جس کی وجہ سے ملز مالکان درآمدات کے تحت کاٹن خرید رہے ہیں۔ گزشتہ دو سالوں سے حکومت نے خام مال کی درآمدات پر ڈیوٹیز عائد کی ہے جس کی وجہ سے کاٹن کی قیمتوں میں اضافہ ہوا ہے اس کے علاوہ برآمدات کی اشیاء بھی کافی مہنگی ہوگئی ہیں۔ حتیٰ کہ موجودہ سال کے دوران کاٹن پیدا کرنے والے ایریا میں 20% کمی واقع ہوئی ہے اسی وجہ سے موجودہ سال میں 3 سے 5 ملین بیلز کی کمی واقع ہوئی ہے۔

حکومت نے فائبر کی درآمدات پر تعزیری ڈیوٹیز عائد کی ہیں، گزشتہ 30 سالوں میں پاکستان میں صرف مقامی فائبر فراہم کرنے والوں کا تحفظ کیا گیا ہے مگر وہ عالمی معیار قائم کرنے میں ناکام رہے اسی وجہ سے تمام ٹیکسٹائلز کا سلسلہ برآمدات کرنے سے قاصر ہے۔

ڈائریکٹرز کے نام	اجلاس میں حاضری کی تعداد		
	بورڈ	آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمونریشن کمیٹی
جناب انوار احمد ٹاٹا	4	ناقابلِ اطلاق	ناقابلِ اطلاق
جناب شاہد انوار ٹاٹا	3	ناقابلِ اطلاق	ناقابلِ اطلاق
جناب عدیل شاہد انوار ٹاٹا	3	ناقابلِ اطلاق	4
جناب بلال شاہد انوار	4	3	4
جناب محمد نسیم	4	4	4
جناب عجاز احمد طارق	3	ناقابلِ اطلاق	ناقابلِ اطلاق
جناب شیخ کوثر عجاز	4	4	ناقابلِ اطلاق

(غیر حاضری کی اجازت ان ڈائریکٹرز کو دی گئی تھی جو کچھ بورڈ اجلاس میں شرکت نہں کر سکے)۔

(ص) سال کے دوران کمپنی نے IBA سے انفرادی ڈائریکٹر جناب محمد نسیم کیلئے ڈائریکٹرز کے تربیتی پروگرام کے نام سے ایک تربیتی پروگرام کا انتظام کیا۔ جو کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان SECP کے تحت تسلیم کیا گیا ہے۔

(ض) 30 جون 2016ء کے مطابق حصص داران کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔ یہ اسٹیٹمنٹ کمپنی کے ضابطہ اخلاق کے کوڈ کے مطابق تحریر کیا گیا ہے۔

(ط) درج ذیل لین دین کے علاوہ چیف ایگزیکیٹیو، ڈائریکٹرز، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کی بیویاں اور نابالغ بچے سال کے دوران کمپنی کے شیئرز میں کوئی لین دین نہیں کی۔

	01-07-2015 کو اوپننگ بیلنس	وصول کردہ خریداری/تحائف	فروخت/تحفہ	30-06-2016 کو کلوزنگ بیلنس
جناب انوار احمد ٹاٹا	2,415,128	9,405	1,120,801	1,303,732
جناب شاہد انوار ٹاٹا	184,030	1,120,801	-	1,304,831
جناب فاروق ایڈوانی	2,505	-	2,505	-
جناب عجاز احمد طارق	2,750	-	250	2500
جناب کوثر عجاز	2,750	-	250	2500

آڈیٹرز:

آڈیٹرز میسرز ڈیلوئیٹ یوسف عادل چارٹرڈ اکاؤنٹینٹ اپنے عہدے کی معیاد سالانہ جنرل میٹنگ کے اختتام پر پوری کر چکے ہیں اور بر بنائے اہلیت خود کو دوبارہ تقرری کے لئے برائے مالیاتی سال 30 جون 2017ء کے لئے پیش کر رہے ہیں۔

کراچی:

مورخہ: 17 ستمبر 2016ء

ازطرف بورڈ آف ڈائریکٹرز

شاہد انوار ٹاٹا

چیف ایگزیکیٹیو

ممبران کیلئے ڈائریکٹرز رپورٹ

ڈائریکٹرز بڑی مسرت کے ساتھ 49ویں سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 جون 2016ء پیش کرتے ہیں۔

مالیاتی نتائج:
کمپنی نے 30 جون 2016ء کوختم ہونے والے سال میں قبل از ٹیکس اور بعد از لاگت، اخراجات اور فرسودگی کے 379.81 ملین روپے کا خسارہ کیا ہے۔

	(روپے)
سالانہ قبل از ٹیکس خسارہ	(379,808,566)
ٹیکس	(4,415,808)
خسارہ بعد از ٹیکس	(384,224,374)
عام ریزرو سے منتقلی	250,000,000
دیگر وسیع خسارہ	(4,783,857)
ری ویلیوئیشن پراپرٹی پلانٹ اور دیگر سامان کے سرپلس سے منتقلی	45,624,031
تخمینی منافع آگے لایا گیا	164,097,698
تخمینی منافع آگے لے جایا گیا	70,713,498

چیئرمین کا تجزیہ:
کمپنی کے ڈائریکٹرز نے چیئرمین کے تجزیہ کے مندرجات کی تصدیق کی ہے جسے ڈائریکٹرز رپورٹ کا حصہ تصور کیا جائے۔

ڈویڈنڈ:
رواں سال کیلئے نتائج جو کہ حوصلہ افزا نہیں ہے لہٰذا آپ کے ڈائریکٹرز یہ سفارش کرتے ہیں کہ سال رواں کے ڈویڈنڈ کو موخر کیا جائے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تفصیل:

(الف) کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، اس کے معملات کی حالت، آپریٹنگ نتائج، پیسے کے بہاؤ اور ایکیویٹی میں تبدیلی کی نشاندہی کر رہا ہے۔

(ب) کمپنی کی جانب سے اکاؤنٹس کی کتب باقاعدہ درست انداز میں مرتب کی گئی ہے۔

(ج) مالیاتی گوشوارے کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا متواتر استعمال اور اکاؤنٹنگ کا تخمینہ معقول اور دانشمندانہ فیصلے کے مطابق کیا گیا ہے۔

(د) مالیاتی گوشوارے کی تیاری میں ایسے بین الاقوامی فنانشیل رپورٹنگ اسٹینڈرز کے استعمال کو یقینی بنایا گیا ہے، جو پاکستان میں لاگو کیے گئے ہیں۔ اور اس سلسلے میں کسی بھی خامی کی صورت میں اس کی وضاحت کی جاتی ہے۔

(ہ) موجودہ حالات میں کمپنی کی قابلیت پر کوئی شکوک وشبہات نہیں ہیں۔

(و) اندرونی کنٹرول کا نظام بہترین اور موثر انداز میں مرتب اور لاگو کرتے ہوئے اس کی مانیٹرنگ کی جاتی ہے۔

(ز) گذشتہ چھ سالوں کی مالیاتی اور اہم آپریٹنگ کی تفصیلات منسلک ہیں۔

(س) واجب الادا رقم، دیگر چارجز اور ٹیکسز اگر کوئی ہے وہ منسلکہ آڈٹ شدہ مالیاتی حسابات میں ظاہر کئے گئے ہیں۔

(ش) زیر نظر سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس، آڈٹ کمیٹی کے چار اجلاس اور ہیومن ریسورس اینڈ ریمیونریشن کمیٹی کے چار اجلاس کا انعقا کیا گیا ہے۔ ان اجلاس میں ڈائریکٹرز کی حاضری درج ذیل ہے:۔

Form of Proxy

I/We ______________________________________of ____, being a Member of SalfiTextile Mills Limited, holder of _____________________, Ordinary Share(s) as per Register Folio No. ___________________ hereby Appoint Mr.________________________, having CNIC No. ________________ _____________________ as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf at the Annual General Meeting of the company to be held on October 20, 2016 and at any adjournment thereof.

Signed this ___________ day of ____________2016.

Signature across Rs.5
Revenue Stamp

Witness 1 _________________________________

Signature _________________________________

Name ____________________________________

CNIC # ___________________________________

Witness 2 __________________________________

Signature ___________________________________

Name ______________________________________

CNIC # _____________________________________

NOTES:

1. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as proxy who is not member of the company qualified to vote except that a corporation being a member may appoint a person who is not a member.

2. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.

3. CDC Shareholders or their Proxies should bring their original CNICs or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detail procedure is given in Notes to the Notice of AGM.

پراکسی فارم (مختارنامہ)

میں/ہم -- کا/کی --

بحیثیت رکن سلفی ٹیکسٹائیل ملز لمیٹڈ اوحامل ------------------------- عام حصص بمطابق رجسٹرڈ فولیو نمبر ---------------------------

بذریعہ ہذا محترم/محترمہ -- کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ------------------------------------
مورخہ 20 اکتوبر 2016ء، کو

کو اپنے/ہمارے ایماء پر: --

منعقد ہونے والے کمپنی کے سالانہ اجلاسِ عام میں حقِ رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختارنامہ (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز .... بتاریخ .... 2016 کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

ممبر کے دستخط
ریونیو کی مہر 5 روپے

گواھان	گواھان
1۔	2۔
دستخط: --	دستخط: --
نام: --	نام: --
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ----------------------	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ----------------------

نوٹ:

1۔ پراکسی تقرری کے آلات تقرر کرنے والے کے دستخط یا اس کے باقاعدہ با اختیار وکیل کے تحریری اجازت نامہ، یا اگر تقرر کرنے والا کارپوریشن ہے تو عام مہر یا ایک آفیشل دستخط کے تحت یا ایسے با اختیار وکیل کے دستخط ہوں گے۔ جو کمپنی کا رکن نہیں ہے اسے پراکسی مقرر نہیں کیا جائے گا سوائے ایک کارپوریشن کے جو ووٹ ڈالنے کے لئے ایک غیر رکن شخص کو پراکسی مقرر کر سکتی ہے۔

2۔ پراکسی اور مختارنامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختارنامہ کی نوٹری مصدقہ کاپی، کمپنی کے دفتر میں کم از کم 48 (اڑتالیس) گھنٹے قبل اجلاس جس میں ووٹ دینے کے مقاصد کے لئے انسٹرومنٹ میں نامزد شخص کی جمع کروایا جائے گا، بصورت دیگر پراکسی کا انسٹرومنٹ کارآمد تصور نہ ہوگا۔

3۔ سی ڈی سی حصص یافتگان یا ان کے پراکسیز کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ معہ پارٹیسپنٹ (شرکت) آئی ڈی نمبر اور اکاؤنٹ نمبر اپنی شناخت کی سہولت کے لئے اپنے ہمراہ لانا چاہیئے۔ تفصیلی طریقہ کار نوٹس AGM کے نوٹ میں دیا گیا ہے۔

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Fax : (92-21) 3241-7710
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Distt. Jamshoro, Pakistan.