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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. M. Azam Saigol	Chief Executive
Mr. M. Naseem Saigol	
Mr. M. Zeid Yousuf Saigol	
Mr. Muhammad Athar Rafiq	
Mr. Muhammad Omer Farooq	
Mr. Samir Iqbal Saigol	
Mr. Syed Haroon Rashid	NIT Nominee

AUDIT COMMITTEE

Mr. Muhammad Omer Farooq	Chairman/Member
Mr. M. Naseem Saigol	Member
Mr. Muhammad Athar Rafiq	Member

HR & REMUNERATION COMMITTEE

Mr. M. Zeid Yousuf Saigol	Chairman/Member
Mr. Samir Iqbal Saigol	Member
Mr. Muhammad Omer Farooq	Member

COMPANY SECRETARY
Mr. Anees-ur-Rehman

CHIEF FINANCIAL OFFICER
Mr. Muhammad Shamil, FCA

AUDITORS
Rahman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants

BANKERS
Bank Alfalah Limited
Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
NIB Bank LImited
The Bank of Punjab
Summit Bank Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited

SHARES REGISTRAR
M/s. CORPLINK (PVT) LTD.
Wings Arcade, 1-K Commercial, Model Town, Lahore.
Tel: 042-35839182, 35887262, 35916719
Fax: 042-35869037

REGISTERED OFFICE
17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.
Tel: 042-35717364-65, 35718274-75
Fax: 042-35715105
E-mail: shares@saigols.com

MILLS
51-KM, Multan Road,
Phool Nagar, District Kasur.

VISION

To accomplish, build up and sustain a good reputation of the project in textile sector locally and globally by marketing high quality of yarn through team work by means of honesty, integrity and commitment.

MISSION

To transform the Company into a modern and dynamic Yarn manufacturing Company and to provide quality products to customers and explore new markets to promote / expand sales of the Company through Good Governance and foster a sound and dynamic team, so as to achieve optimum profitability for the Company for sustainable and equitable growth and prosperity of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of Shareholders of Saritow Spinning Mills Limited will be held on Monday, October 31, 2016 at 10:00 A.M. at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company to transact the following business:-

1. To confirm the minutes of the last Annual General Meeting held on October 31, 2015.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2016 alongwith Directors' and Auditors' Reports thereon.
3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair.

By Order of the Board

Lahore : October 07, 2016

Company Secretary

Notes:

1. Share Transfer Books of the Company will remain closed from October 22, 2016 to October 28, 2016 (both days inclusive). Physical transfers/CDS transactions ID's received in order at "Company Registrar office M/s Corplink (Pvt.) Limited", wings arcade, 1-K, Commercial Model Town, Lahore on October 21, 2016 will be treated in time.
2. A member entitled to attend and vote at this Meeting may appoint another Member as his/her proxy. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
3. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.
4. Members are requested to notify the Company change in their addresses, if any.

5. SUBMISSION OF COPY OF CNIC/NTN DETAILS (MANDATORY)

Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2016, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as : for filers of Income Tax return 12.5% and Non filers of Income Tax return 20%. In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrars, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC No.	Shareholding Proportion No. Of Shares	Name & CNIC No.	Shareholding proportion No. Of Shares

The CNIC number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

Individuals including all joint holders holding physical share certificates are therefore requested to submit a copy of their valid CNIC to the company or its Registrar if not already provided, For shareholders other than individuals, the checking will be done by matching the NTN number, therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN certificate to check their names in the ATL before the book closure date to their respective participants/CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending CNIC or NTN certificates, as the case may be must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC or NTN, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholder. Further, all shareholders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL. The company as per the new law, shall apply 20% rate of withholding tax if the shareholders name, with relevant details, does not appear on the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

6. ZAKAT DECLARATIONS (CZ-50)

The Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the shares (Rs. 10/- each) under Zakat and Ushr Laws and will be deposited within the prescribed period with the relevant authority, Please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company Ltd. (in case the shares are held in Investor Account Services on the CDC) or to our Registrars, M/s Corplink Private Limited, 1-K, Commercial Model Town, Lahore (in case the shares are held in paper certificate form). The shareholders while sending the Zakat Declarations, as the case may be must quote company name and respective folio numbers.

FINANCIAL HIGHLIGHTS - *Six Years at a Glance*

Particulars	2016	2015	2014	2013	2012	2011
Operating Performance *(Rupees in Thousands)*						
Turnover - *Net*	2,470,387	2,496,767	2,523,328	2,188,429	2,010,918	2,038,317
Gross Profit	41,699	167,790	231,337	303,956	215,146	236,774
Profit/(Loss) before Tax	(88,436)	(27,788)	53,274	157,973	199,804	127,997
Profit/(Loss) after Tax	(66,156)	(17,499)	42,075	120,511	168,855	87,350
Financial Position *(Rupees in Thousands)*						
Share Capital	298,406	298,406	298,406	298,406	298,406	298,406
Shareholders' Equity	516,960	577,426	631,070	598,772	476,858	305,836
Operating Fixed Assets	1,360,930	1,432,050	1,446,553	1,074,622	1,006,093	1,033,163
Total Assets	2,061,806	2,045,964	2,084,799	1,597,520	1,419,166	1,705,884
Bank Borrowings	703,299	615,691	700,960	278,122	305,983	452,666
Ratio Analysis						
Profitability						
Gross Profit Margin - *% age*	1.69	6.72	9.17	13.89	10.70	11.62
Profit/(Loss) after Tax - *% age*	(2.68)	(0.70)	1.67	5.51	8.40	4.29
Earning/(Loss) Per Share - *Rupees*	(2.22)	(0.59)	1.41	4.04	5.66	2.93
Activity						
Sales to Operating Fixed Assets - *Times*	1.82	1.74	1.74	2.04	2.00	1.97
Liquidity						
Current Ratio - *Times*	1.05	1.05	1.19	1.37	1.07	0.96
Break up Value Per Share - *Rupees*	17.32	19.35	21.15	20.07	15.98	10.25

DIRECTORS' REPORT

The Directors of M/s Saritow Spinning Mills Limited are pleased to present Financial Results for the year ended June 30, 2016 along with director report thereon.

Financial High Lights	2016 ('000)	2015 ('000)
Net Sales	2,470.387	2,496.767
Gross Profit	41.699	167.790
Pre Tax Profit / (Loss)	(88.436)	(27.788)
After Pre Tax Profit / (Loss)	(66.156)	(17.499)
Gross Profit Ratio to Sales	1.68%	6.72%
After Tax Profit to Sales	(2.67)%	(0.70)%

Operating Financial Results

During the year under review our Company was able to achieve turnover of Rs 2,470.387 million as compared to Rs 2,496.767 million during last year and was able to earn Gross Profit of 41.699 million as compared to 167.790 during the same period last year.

The year under review was tough for Textile Industry in general, Domestic crop of Raw cotton was effected badly by untimely rains in cotton growing areas and only 10 million bales were harvested as compared to 14.5 million bales last year. Mills were forced to import expensive cotton in order to meet their requirement. Yarn prices remain on lower side throughout the year, exports remain subdued resulted in lower sales revenue and margins.

Future Outlook

Yarn prices due to slow down in world economies remain depressed. Raw material prices have gone up considerably since the start of this financial year .However the Power supply scenario has improved a lot and at the moment we are getting RLNG for 24 hrs a day, further decrease in Oil prices have improved the rates of Furnace oil in local market resulted in improved availability of power sources.

Cash Flow Management

Board of directors places great importance for an effective cash flow management so as to ensure smooth running of the business. For this purpose cash inflows and outflows are projected on regular basis and verified periodically. Working capital requirements have been planned to be finance through internal cash generation and short term financing from external sources.

Corporate Social Responsibility (CSR)

Your company gives high priority to its social responsibilities and is committed to the highest standards of corporate behavior. The company's CSR responsibilities are fulfilled through monetary contributions in the areas of healthcare, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities. Our CSR includes contributions to hospitals and education programs engaged in assisting the under privileged patients students and children's of various walks of life.

Health Safety and Environment

Your company is well aware of the importance of skilled workers and staff therefore the company is strongly committed towards all aspects of safety, health and environment connected with our business.

Statement in Compliance of the Code of Corporate Governance

- The Financial Statements, prepared by the management, present a true and fair state of affairs of the company, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no outstanding statutory payments on account of duties, levies and charges.
- Significant deviation from last year in operating results of the Company and reasons thereof have been explained.
- The Key Operating and Financial Data of last six years are attached to the Report.
- There are no significant plans for corporate restructuring and discontinuation of operations except for improvement in the normal business activities to increase the business.
- Four Meetings of the Board of Directors of the Company were held during the year under review. Following was the attendance of the Directors: -

Name of Directors	No. of Meetings Attended
Mr. M. Naseem Saigol	1
Mr. M. Azam Saigol	2
Mr. Samir Iqbal Saigol	3
Mr. M. Zeid Yousuf Saigol	1
Syed Haroon Rashid	3
Mr. M. Omer Farooq	4
Mr. M. Athar Rafiq	4

- Four Meetings of the Audit Committee were held during the year under review. Following was the attendance of the Members:

Name of Members	No. of Meetings Attended
Mr. M. Naseem Saigol	3
Mr. M. Omer Farooq	4
Mr. M. Athar Rafiq	4

- One Meeting of HR & Remuneration Committee was held during the year under review. Following was the attendance of the Members: -

Name of Members	No. of Meetings Attended
Mr. M. Zeid Yousuf Saigol	1
Mr. Samir Iqbal Saigol	1
Mr. M. Omer Farooq	1

During the period under review no Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children sell, buy or take any position in the shares of the Company except as mentioned in Categories of Shareholding required under Code of Corporate Governance.

Pattern of Shareholding

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

Acknowledgment

The Directors of your company take this opportunity to thank the entire stakeholders for their continued support. Your directors also placed on record their appreciation for the contribution made by the employees at all levels.

For and on behalf of the Board

Lahore : October 07, 2016

CHIEF EXECUTIVE

STATEMENT WITH COMPLIANCE OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Clause 5.19 of Rule Book 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 of practices of corporate governance.

The company has applied the principles contained in the Code of Corporate Governance (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 includes:

Category	**Names**
Independent Directors	Syed Haroon Rashid
Executive Directors	Mr. Samir Iqbal Saigol
	Mr. M. Azam Saigol
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. M. Zeid Yousuf Saigol
	Mr. Muhammad Athar Rafiq
	Mr. Muhammad Omer Farooq

   The independent directors meet the criteria of independence under clause 5.19.1(b) of 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 the payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board of Directors during the period.
5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. One training program for its directors by the board arranged during the year.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. Financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises of 3 members, of whom all are non executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and remuneration committee. Its comprises 3 members, of whom 2 are none executive directors including the chairman of the committee.
18. The board has set up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP, that they or any of the partner 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 regards.
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.

For and on behalf of the Board

Lahore : October 07, 2016

CHIEF EXECUTIVE

REVIEW REPORT ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF 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 **SARITOW SPINNING MILLS LIMITED** for the year ended June 30, 2016 to comply with the requirements of Regulation No 5.19 of the Rule Book of Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement 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 a 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.

There were no related party transactions falling within the ambit of Regulation No. 5.19.6 of the Rule Book of Pakistan Stock Exchange Limited.

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 best practices contained in the Code as applicable to the Company for the year ended June **30, 2016.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: ***ZUBAIR IRFAN MALIK***

Lahore: ***October 07, 2016***

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SARITOW SPINNING MILLS LIMITED** ("the Company") as at June 30, 2016 and the related profit and loss account, statement of profit or loss and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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 accounts 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 accounts and are further in accordance with accounting policies consistently applied;

   ii. the expenditure incurred during the year was for the purpose of the Company's business; and

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of profit or loss and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, other comprehensive income, its cash flows and changes in equity for the year then ended; and

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: ***ZUBAIR IRFAN MALIK***

Lahore: ***October 07, 2016***

BALANCE SHEET
as at June 30, 2016

	Note	2016	2015
		Rupees	*Rupees*
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 (2015: 35,000,000) ordinary shares of Rs. 10 each		**350,000,000**	350,000,000
Issued, subscribed and paid-up capital	*6*	**298,406,070**	298,406,070
Accumulated profit		**218,554,426**	279,019,563
TOTAL EQUITY		**516,960,496**	577,425,633
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	*7*	**27,561,315**	73,152,077
NON-CURRENT LIABILITIES			
Loan from directors and family members - *unsecured, subordinate*	*8*	**265,884,966**	265,884,966
Long term finances - *secured*	*9*	**302,835,465**	275,078,475
Liabilities against assets subject to finance lease - *secured*	*10*	**12,352,942**	28,823,530
Long term deposits - *unsecured*	*11*	**8,000,000**	8,000,000
Employees retirement benefits	*12*	**51,147,526**	44,661,798
Deferred taxation	*13*	**168,840,139**	210,115,055
		809,061,038	832,563,824
CURRENT LIABILITIES			
Trade and other payables	*14*	**305,471,636**	232,070,683
Short term borrowings	*15*	**354,758,296**	191,431,131
Accrued interest/markup		**14,639,801**	18,961,997
Current portion of non-current liabilities	*16*	**33,353,025**	120,358,400
		708,222,758	562,822,211
TOTAL LIABILITIES		**1,517,283,796**	1,395,386,035
CONTINGENCIES AND COMMITMENTS	*17*		
		2,061,805,607	2,045,963,745

The annexed notes 1 to 49 form an integral part of these financial statements.

Lahore
Date : October 07, 2016

CHIEF EXECUTIVE

	Note	2016	2015
		Rupees	*Rupees*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*18*	**1,360,930,080**	1,432,050,470
Long term deposits - *Unsecured, considered good*	*19*	**21,038,886**	20,913,886
		1,381,968,966	1,452,964,356
CURRENT ASSETS			
Stores, spares and loose tools	*20*	**19,998,068**	19,262,902
Stock in trade	*21*	**453,251,090**	403,723,410
Trade receivables - *Unsecured, considered good*		**58,939,389**	69,862,997
Advances, deposits, prepayments and other receivables	*22*	**68,967,349**	41,607,045
Current taxation	*23*	**66,495,655**	34,000,037
Cash and bank balances	*24*	**12,185,090**	24,542,998
		679,836,641	592,999,389
TOTAL ASSETS		**2,061,805,607**	2,045,963,745

The annexed notes 1 to 49 form an integral part of these financial statements.

DIRECTOR

PROFIT AND LOSS ACCOUNT
for the year ended June 30, 2016

	Note	**2016**	2015
		Rupees	*Rupees*
Turnover - ***net***	*25*	**2,470,387,179**	2,496,766,630
Cost of sales	*26*	**(2,428,687,763)**	(2,328,976,578)
Gross profit		**41,699,416**	167,790,052
Selling and distribution expenses	*27*	**(7,216,948)**	(6,816,795)
Administrative and general expenses	*28*	**(50,667,607)**	(50,414,862)
		(57,884,555)	(57,231,657)
Net other expenses	*29*	**(2,291,558)**	(11,323,906)
Operating (loss)/profit		**(18,476,697)**	99,234,489
Finance cost	*30*	**(69,943,791)**	(97,177,568)
Other charges	*31*	**(15,720)**	(153,100)
		(69,959,511)	(97,330,668)
Notional interest expense		**-**	(29,691,928)
Loss before taxation		**(88,436,208)**	(27,788,107)
Taxation	*32*	**22,280,233**	10,289,495
Loss after taxation		**(66,155,975)**	(17,498,612)
Loss per share - ***basic and diluted***			
before notional interest	*33*	**(2.22)**	0.41
after notional interest	*33*	**(2.22)**	(0.59)

The annexed notes 1 to 49 form an integral part of these financial statements.

Lahore
Date : October 07, 2016

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended June 30, 2016

	Note	**2016**	2015
		Rupees	*Rupees*
Items that may be reclassified subsequently to profit or loss		**-**	-
Items that will not be reclassified to profit or loss			
Incremental depreciation	*7*	**1,584,059**	1,962,116
Revaluation surplus transferred on disposal of assets	*7*	**4,305,453**	-
Remeasurements of defined benefit obligation	*12.4*	**(287,933)**	(1,356,092)
Taxation relating to remeasurements of defined benefit obligation	*13*	**89,259**	433,949
		5,690,838	1,039,973
Other comprehensive income		**5,690,838**	1,039,973
Loss for the year		**(66,155,975)**	(17,498,612)
Total comprehensive loss		**(60,465,137)**	(16,458,639)

The annexed notes 1 to 49 form an integral part of these financial statements.

Lahore
Date : October 07, 2016

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT
for the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	34	**70,244,332**	250,816,513
Payments for:			
Employees retirement benefits		**(11,969,651)**	(8,390,322)
Interest/markup		**(65,732,015)**	(87,198,217)
Income tax		**(32,495,618)**	(14,897,110)
Net cash (used in)/generated from operating activities		**(39,952,952)**	140,330,864
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		**(67,157,621)**	(72,051,157)
Proceeds from disposal of property, plant and equipment		**7,567,986**	8,980,435
Long term deposits		**(125,000)**	-
Net cash used in investing activities		**(59,714,635)**	(63,070,722)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		**(59,248,385)**	(25,600,000)
Long term finances obtained		**-**	8,865,600
Repayment of liabilities against assets subject to finance lease		**(16,470,588)**	(12,352,941)
Net increase/(decrease) in short term borrowings		**163,327,165**	(56,180,480)
Dividend paid		**-**	(82,954)
Net cash generated from/(used in) financing activities		**87,608,192**	(85,350,775)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(12,059,395)**	(8,090,633)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**24,542,998**	32,996,477
EXCHANGE GAIN ON CASH AND CASH EQUIVALENTS		**(298,513)**	(362,846)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	35	**12,185,090**	24,542,998

The annexed notes 1 to 49 form an integral part of these financial statements.

Lahore
Date : October 07, 2016

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
for the year ended June 30, 2016

		Issued subscribed and paid-up capital	Lona from directors and family members	Accumulated profit	Total equity
		Rupees	*Rupees*	*Rupees*	*Rupees*
Balance as at July 01, 2014		298,406,070	-	332,663,678	631,069,748
Comprehensive loss					
Loss after taxation		-	-	(17,498,612)	(17,498,612)
Other comprehensive loss		-	-	1,039,973	1,039,973
Total comprehensive income		-	-	(16,458,639)	(16,458,639)
Unamortized notional interest derecognized	*9*	-	-	(37,185,476)	(37,185,476)
Transaction with owners		-	-	-	-
Balance as at June 30, 2015		298,406,070	-	279,019,563	577,425,633
Balance as at July 01, 2015		**298,406,070**	**-**	**279,019,563**	**577,425,633**
Comprehensive loss					
Loss after taxation		**-**	**-**	**(66,155,975)**	(66,155,975)
Other comprehensive income		**-**	**-**	**5,690,838**	5,690,838
Total comprehensive loss		**-**	**-**	**(60,465,137)**	**(60,465,137)**
Transaction with owners		**-**	**-**	**-**	**-**
Balance as at June 30, 2016		**298,406,070**	**-**	**218,554,426**	**516,960,496**

The annexed notes 1 to 49 form an integral part of these financial statements.

Lahore
Date : October 07, 2016

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
for the year ended June 30, 2016

1 REPORTING ENTITY

Saritow Spinning Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at 17-Aziz Avenue, Canal Bank Gulberg-V, Lahore. The manufacturing facility is located at Bhai Pheru, District Kasur in the Province of Punjab.

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 and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employees retirement benefits liabilities measured at present value and certain financial instruments measured at fair value/amortized cost. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. There are no estimation uncertainties as at the reporting date. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 *Depreciation method, rates and useful lives of operating fixed assets (see note 5.1.1)*

The Company reassesses useful lives, depreciation method and rates for each item of operating fixed assets annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.3.2 *Recoverable amount and impairment (see note 5.22)*

The management of the Company reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.3.3 *Obligation under defined benefit plan (see note 5.5.2)*

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent actuaries.

2.3.4 *Taxation (see note 5.18)*

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.3.5 *Provisions (see note 5.13)*

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.3.6 *Revaluation of property, plant and equipment (see note 5.2)*

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

2.3.7 ***Net realizable values of stock in trade (see note 5.4).***

The company estimates net realizable values of its stock in trade as the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

2.4 Functional currency

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

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures.

IFRS 10 - Consolidated Financial Statements (2011)

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities.

IFRS 11 - Joint Arrangements (2011)

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers.

IFRS 12 - Disclosure of Interests in Other Entities (2011)

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 - Fair Value Measurement (2011)

The standard establishes a single framework for measuring fair value where that is required by other standards.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities)

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Investment Entities (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements)

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments (2014)	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts (2014)	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
Equity method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)	January 01, 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)	January 01, 2016
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely

	Effective date (annual periods beginning on or after)
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)	January 01, 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 28 - Accounting for Investments in Associates and Joint Ventures)	January 01, 2016
Agriculture: Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)	January 01, 2016
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)	January 01, 2017
Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)	January 01, 2016
Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)	January 01, 2017
Classification and Measurement of Share-based Payment Transactions	January 01, 2018
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts	January 01, 2018
Annual Improvements 2012-2014 cycle	January 01, 2016

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 234 of the Companies Ordinance, 1984 regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

IFRS 9 – Financial Instruments: Classification and Measurement (2014)

IFRS 9 replaces IAS 39 - Financial Instruments: *Recognition and Measurement.* The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their cash flow characteristics. The standard introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to measurement of entity's own credit risk.
- **Impairment:** IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit loss to have occurred before a credit loss is recognized.
- **Hedge accounting:** IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposure.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Adoption of this IFRS 9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

IFRS 16 – Leases (2016)

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the leases term is twelve months or less or the underlying asset has low value.

Adoption of this IFRS 16 will result in recognition of assets and liabilities for all operating leases for which the lease terms is more than twelve months. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)

The amendments clarify the following:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to deductible temporary differences regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax laws restrict utilization of tax losses, an entity would assess a deferred tax asset in combination with deferred tax assets of the same type.

Adoption of this amendment may result in material adjustment to deferred tax assets. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at revalued amount, and buildings on freehold land and plant and machinery which are carried at revalued amounts less accumulated depreciation. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 18.1 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

5.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

5.2 Surplus / deficit arising on revaluation of property, plant and equipment

Surplus arising on revaluation of items of property, plant and equipment is carried on balance sheet after reversing deficit relating to the same item previously recognized in profit or loss, if any. Deficit arising on revaluation is recognized in profit or loss after reversing the surplus relating to the same item previously carried on balance sheet, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated profit every year, through statement of other comprehensive income.

5.3 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of weighted average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held exclusively for capitalization are classified as property, plant and equipment.

5.4 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

5.5 Employee benefits

5.5.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

5.5.2 Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss with the exception of remeasurements which are recognized in other comprehensive income. The amount recognized on balance sheet represents the present value of defined benefit obligation. The details of the scheme are referred to in note 11 to the financial statements.

5.6 Financial instruments

5.6.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

5.6.2 Classification

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial recognition.

(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

(b) Financial liabilities at amortized cost

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

5.6.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

5.6.4 De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

5.6.5 Off-setting

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

5.7 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

5.8 Loans and borrowings

Loans and borrowings, other than those convertible into ordinary shares of the Company, are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

5.9 Finance leases

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as 'operating fixed assets'. On initial recognition, these are measured at cost, being an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, and gains and losses on de-recognition are accounted for in accordance with the respective policies for operating fixed assets. Liabilities against assets subject to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively, however, since they fall outside the scope of measurement requirements of IAS 39 'Financial Instruments - Recognition and Measurement', these are measured in accordance with the requirements of IAS 17 'Leases'. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at cost.

5.10 Operating leases

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight line basis over the lease term.

5.11 Ijarah transactions

Ujrah payments under an ijarah are recognized as an expense in profit or loss on straight line basis unless another systematic basis are representative of the time pattern of user's benefit.

5.12 Trade and other payables

5.12.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.12.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

5.13 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.14 Trade and other receivables

5.14.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.14.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

5.15 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer. Transfer of risks and rewards vary depending on the individual terms of the contract of sale. Transfer usually occurs on dispatch of goods to customers.

5.16 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards, and is presented in 'statement of profit or loss and other comprehensive income'.

5.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

5.18 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

5.18.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

5.18.2 Deferred taxation

Deferred tax is accounted for using the' balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5.19 Earnings per share ('EPS')

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.20 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These are classified as 'loans and receivables' and are carried at cost.

5.21 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

5.22 Impairment

5.22.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

5.22.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

5.23 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

		2016	2015
		Rupees	*Rupees*
6	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**		
	Ordinary shares of Rs. 10 each		
	13,275,000 (2015: 13,275,000) ordinary shares issued for cash	**132,750,000**	132,750,000
	16,565,607 (2015: 16,565,607) ordinary shares issued as consideration on merger	**165,656,070**	165,656,070
		298,406,070	298,406,070
7	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**		
	As at beginning of the year	**73,152,077**	74,437,334
	Surplus recognized during the year		
	Surplus for the year	**(58,606,674)**	-
	Deferred taxation	**18,406,188**	-
		(40,200,486)	-
	Incremental depreciation transferred to accumulated profits		
	Incremental depreciation for the year	**(2,295,738)**	(2,885,464)
	Deferred taxation	**711,679**	923,348
		(1,584,059)	(1,962,116)
	Surplus transferred to accumulated profits on disposal		
	Gross surplus on the assets disposed off	**(6,239,787)**	-
	Deferred taxation	**1,934,334**	-
		(4,305,453)	-
	Deferred tax adjustment attributable to changes in tax rates	**499,236**	676,859
	As at end of the year	**27,561,315**	73,152,077

8 LOAN FROM DIRECTORS AND FAMILY MEMBERS - UNSECURED, SUBORDINATE

This represents loan obtained from directors of the Company and their family members. The loan is unsecured.

The loan is subordinate to long term finances (see note 9) and short term borrowings (see note 15) of the Company. Accordingly the loan matures on March 31, 2021 being the date before which the lenders cannot demand repayment of this loan under the subordination agreement.

Upto June 30, 2015, the loan was interest free which, due to measurement at amortised cost, resulted in unamortised notional interest amounting to Rs. 37.185 million as at June 30, 2015. On June 30, 2015, the terms of this loan was revised. Under the revised terms, the loan carries interest at one year KIBOR plus 2.5% per annum payable on maturity. The revision resulted in derecognition of unamortised notional interest of Rs. 37.185 million on June 30, 2015.

During the year, interest amounting to Rs. 26.269 million (2015: nil) was waived by the lenders at their sole discretion.

	Note	**2016**	2015
		Rupees	*Rupees*
9 LONG TERM FINANCES - SECURED			
These represent long term finances utilized under interest/markup arrangements from banking companies			
Term Finance - I	*9.1*	**12,764,790**	38,364,790
Term Finance - II	*9.2*	**302,835,465**	336,483,850
		315,600,255	374,848,640
Current maturity presented under current liabilities	*16*	**(12,764,790)**	(99,770,165)
		302,835,465	275,078,475

9.1 The finance has been obtained from National Bank of Pakistan to finance capital expenditure and is secured by charge over operating fixed assets of the Company, subordination of loan from directors and their family members and personal guarantees of the Company's Directors. The finance carries markup at six months KIBOR plus 2.5% per annum (2015: six months KIBOR plus 2.5% per annum) payable quarterly. The finance is repayable in twenty equal quarterly installments with the first installment due in October 2010.

9.2 The finance has been obtained from NIB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company, subordination of loan from directors and their family members and personal guarantees of the Company's Directors. The finance carries markup at three months KIBOR plus 2.5% per annum (2015: three months KIBOR plus 2.5% per annum) payable quarterly. The finance is repayable in twelve equal quarterly installments with first installment due in July 2017.

9.3 For mortgages and charges on assets as security for liabilities, refer to note 41 to the financial statements.

	Note	**2016**	2015
		Rupees	*Rupees*
10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments	*10.1 & 10.2*	**32,941,177**	49,411,765
Current portion presented under current liabilities	*10.1 & 10.2*	**(20,588,235)**	(20,588,235)
		12,352,942	28,823,530

10.1 These represent machinery acquired under finance lease arrangements. The leases are priced at three months KIBOR plus 2.25% per annum (2015: three months KIBOR plus 2.25% per annum). Lease rentals are payable quarterly over a tenor of 5 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of lease terms and intends to exercise the option.

10.2 The amount of future payments under the finance lease arrangements and the period in which these payments will become due are as follows:

	2016	2015
	Rupees	*Rupees*
Not later than one year	**22,396,661**	24,309,291
Later than one year but not later than five years	**12,919,530**	31,262,221
Total future minimum lease payments	**35,316,191**	55,571,512
Finance charge allocated to future periods	**(2,375,014)**	(6,159,747)
Present value of future minimum lease payments	**32,941,177**	49,411,765
Not later than one year	**(20,588,235)**	(20,588,235)
Later than one year but not later than five years	**12,352,942**	28,823,530

11 LONG TERM DEPOSITS - UNSECURED

These represent interest free security deposits from yarn dealers and are repayable on cancellation or withdrawal of dealership. These are being utilized by the Company in accordance with the terms of dealership agreements. These are classified as 'financial liabilities at amortized cost' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, since the date of repayment cannot be reasonably ascertained, these deposits have been are carried at cost as their amortized cost is impracticable to determine.

12 EMPLOYEES RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme, a defined benefit plan, for all its employees who have completed the minimum qualifying service period. Under the scheme, the Company pays a lump-sum benefit equal to last drawn monthly gross salary for each year of service to scheme members whereas the members of the scheme are not required to make any contributions to the scheme. The scheme is administered by the management of the Company under the supervision and directions of the Board of Directors of the Company. The amount recognized on balance sheet represents present value of defined benefit obligation.

The amount recognized on balance sheet represents present value of defined benefit obligation.

		Note	2016	2015
			Rupees	*Rupees*
12.1	**Movement in present value of defined benefit obligation**			
	As at beginning of the year		**44,661,798**	35,282,172
	Charged to profit or loss for the year	*12.2*	**18,167,446**	16,413,856
	Benefits paid during the year		**(11,969,651)**	(8,390,322)
	Remeasurements recognized in other comprehensive income	*12.4*	**287,933**	1,356,092
	As at end of the year		**51,147,526**	44,661,798
12.2	**Charge to profit or loss**			
	Current service cost		**14,686,518**	12,683,415
	Interest cost		**3,480,928**	3,730,441
			18,167,446	16,413,856
12.3	**The charge to profit or loss has been allocated as follows**			
	Cost of sales	*26.2*	**14,209,067**	13,061,364
	Selling and distribution expenses	*27.1*	**202,178**	160,654
	Administrative and general expenses	*28.1*	**3,756,201**	3,191,838
			18,167,446	16,413,856
12.4	**Remeasurements recognized in other comprehensive income**			
	Actuarial loss arising from changes in:			
	Demographic assumptions		**-**	-
	Financial assumptions		**-**	-
	Experience adjustments		**287,933**	1,356,092
			287,933	1,356,092

12.5 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	2016	2015
Discount rate	**9%**	9%
Expected rates of increase in salary	**8%**	8%
Expected average remaining working lives	**11 years**	12 years

12.6 Average duration of the defined benefit obligation

The average duration of the defined benefit obligation is eleven years.

12.7 Expected charge to profit or loss for the next financial year

The expected charge to profit or loss for the year ending June 30, 2017 amounts to Rs. 19.804 million.

12.8 Sensitivity analysis

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	2016		2015	
	Change in actuarial assumption	**Defined benefit obligation**	Change in actuarial assumption	Defined benefit obligation
		Rupees		*Rupees*
Discount rate	+ 1%	45,696,148	+ 1%	40,269,812
	- 1%	57,715,192	- 1%	49,879,904
Expected rate of increase in salary	+ 1%	57,715,192	+ 1%	49,879,904
	- 1%	45,603,326	- 1%	40,194,518

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

12.9 Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of employees. An increase in salary of employees will increase the defined benefit obligation.

	Note	2016	2015
		Rupees	*Rupees*

13 DEFERRED TAXATION

	Note	2016 Rupees	2015 Rupees
Deferred tax liability on taxable temporary differences	*13.1*	**234,530,689**	251,339,528
Deferred tax asset on deductible temporary differences	*13.1*	**(65,690,550)**	(41,224,473)
		168,840,139	210,115,055

13.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2016			
	As at July 01, 2015 *Rupees*	**Recognized in profit or loss** *Rupees*	**Recognized in equity** *Rupees*	**As at June 30, 2016** *Rupees*
Deferred tax liabilities				
Operating fixed assets - owned	**251,339,528**	**(16,309,603)**	**(499,236)**	**234,530,689**
Deferred tax assets				
Employees retirement benefits	**(14,291,775)**	**(1,474,699)**	**(89,259)**	**(15,855,733)**
Operating fixed assets - leased	**4,224,878**	**1,063,357**	**-**	**5,288,235**
Unused tax losses and credits	**(31,157,576)**	**(23,965,476)**	**-**	**(55,123,052)**
	(41,224,473)	**(24,376,818)**	**(89,259)**	**(65,690,550)**
	210,115,055	**(40,686,421)**	**(588,495)**	**168,840,139**

	2015			
	As at July 01, 2014 *Rupees*	Recognized in profit or loss *Rupees*	Recognized in equity *Rupees*	As at June 30, 2015 *Rupees*
Deferred tax liabilities				
Operating fixed assets - owned	249,694,941	2,321,446	(676,859)	251,339,528
Deferred tax assets				
Employees retirement benefits	(11,643,117)	(2,214,709)	(433,949)	(14,291,775)
Operating fixed assets - leased	(3,285,750)	7,510,628	-	4,224,878
Unused tax losses and credits	(4,488,291)	(26,669,285)	-	(31,157,576)
	(19,417,158)	(21,373,366)	(433,949)	(41,224,473)
	230,277,783	(19,051,920)	(1,110,808)	210,115,055

13.2 Deferred tax has been calculated at 31% (2015: 32%) of the timing differences as at the reporting date. Deferred tax has been calculated at 31% (2015: 32%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

14 TRADE AND OTHER PAYABLES

	Note	2016 Rupees	2015 Rupees
Trade creditors - *Unsecured*		**96,892,274**	91,693,964
Accrued liabilities		**94,074,591**	113,630,207
Advances from customers - *Unsecured*		**78,541,586**	1,308,006
Bills payable		**22,887,772**	16,361,946
Workers' Profit Participation Fund	*14.1*	**3,308**	102,246
Workers' Welfare Fund	*14.2*	**-**	38,854
Unclaimed dividend		**485,351**	485,351
Deductions against vehicle scheme	*14.3*	**4,258,040**	3,875,737
Other payables - *Unsecured*	*14.4*	**8,328,714**	4,574,372
		305,471,636	232,070,683

		Note	2016	2015
			Rupees	*Rupees*
14.1	**Workers' Profit Participation Fund**			
	As at beginning of the year		**102,246**	4,182,958
	Interest on funds utilized by the Company	*14.1.1*	**9,283**	336,003
	Charged to profit or loss for the year	*31*	**-**	102,246
	Paid during the year		**(108,221)**	(4,518,961)
	As at end of the year		**3,308**	102,246

14.1.1 Interest is charged at 13.75% (2015: 10.94%) per annum.

14.2	**Workers' Welfare Fund**			
	As at beginning of the year		**38,854**	454,916
	Charged to profit or loss for the year	*31*	**-**	38,854
	Paid/adjusted during the year		**(38,854)**	(454,916)
	As at end of the year		**-**	38,854

14.3 These represent deductions from employees' salaries on account of vehicle scheme whereby the Company and employees share a portion of the cost of vehicle. The vehicles are registered in the name of employee or leasing company in case of leased vehicles. The cost of vehicles is borne by the Company initially and is recovered from employees on monthly basis.

14.4 These include withholding tax payable amounting to Rs. 8.3 million (2015: Rs. 4.5 million).

		Note	2016	2015
			Rupees	*Rupees*
15	**SHORT TERM BORROWINGS**			
	Secured			
	These represent short term finances utilized under interest/markup arrangements from banking companies			
	Running finances	*15.1*	**181,845,513**	135,935,237
	Term loans	*15.1*	**70,912,783**	55,495,894
			252,758,296	191,431,131
	Unsecured			
	Loan from director	*15.2*	**102,000,000**	-
			354,758,296	191,431,131

15.1 These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over current assets and operating fixed assets of the Company, pledge of stock, subordination of loan from directors and their family members and personal guarantees of the Company's Directors.

These finances carry markup at rates ranging from one to three months KIBOR plus 2.25% to 7.25% per annum (2015: one to three months KIBOR plus 2.25% to 7.25% per annum), payable quarterly, except for term loans for which interest/markup is payable with principal on maturity.

The aggregate available short term funded facilities amounts to Rs. 795 million (2015: Rs. 695 million) out of which Rs. 542 million (2015: Rs. 504 million) remained unavailed as at the reporting date.

15.2 This represents temporary loan obtained from director of the Company. The loan is unsecured and interest free.

		Note	2016	2015
			Rupees	*Rupees*
16	**CURRENT MATURITY OF NON-CURRENT LIABILITIES**			
	Long term finances	*9*	**12,764,790**	99,770,165
	Liabilities against assets subject to finance lease	*10*	**20,588,235**	20,588,235
			33,353,025	120,358,400

		2016	2015
		Rupees	*Rupees*

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

		2016	2015
17.1.1	Guarantees issued by banks on behalf of the Company	**80,980,000**	80,980,000

17.1.2 The Company may have to indemnify its Directors for any loss that may arise due to personal guarantees given by them for securing the debts of the Company, in case the Company defaults.

		2016	2015
		Rupees	*Rupees*

17.2 Commitments

17.2.1 Commitments under irrevocable letters of credit for:

	2016	2015
- purchase of raw material	**71,228,417**	57,539,801
- purchase of stores, spare and loose tools	**2,448,145**	9,114,726
	73,676,562	66,654,527

17.2.2 Commitments under operating leases

The Company has rented office premises under operating lease arrangements. Lease agreement covers a period of three years and is renewable/extendable on mutual consent. Commitments for payments in future periods under the lease agreement are as follows:

	2016	2015
	Rupees	*Rupees*
- payments not later than one year	**2,343,600**	1,417,176
- payments later than one year	**6,013,008**	-
	8,356,608	1,417,176

17.2.3 Commitments under ijarah financing

The aggregate amount of ujrah payments for ijarah financing and the period in which these payments will become due are as follows:

	Note	**2016**	2015
		Rupees	*Rupees*
- payments not later than one year		**2,555,690**	6,182,628
- payments later than one year but not later than five years		**-**	1,030,438
		2,555,690	7,213,066

18 PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
Operating fixed assets	*18.1*	**1,356,543,840**	1,390,430,013
Capital work in progress	*18.2*	**4,386,240**	41,620,457
		1,360,930,080	1,432,050,470

18.1 PROPERTY, PLANT AND EQUIPMENT

2016

	COST / REVALUED AMOUNTS							DEPRECIATION					
	As at July 01, 2015 *Rupees*	Additions *Rupees*	Revaluation *Rupees*	Disposals *Rupees*	Transfer *Rupees*	As at June 30, 2016 *Rupees*	Rate %	As at July 01, 2015 *Rupees*	For the year *Rupees*	Revaluation *Rupees*	Adjustment *Rupees*	As at June 30, 2015 *Rupees*	Net book value as at June 30, 2016 *Rupees*
Assets owned by the Company													
Freehold land	98,650,000	-	768,125	-	-	99,418,125	-	-	-	-	-	-	99,418,125
Buildings	278,033,496	-	378,762	-	42,463,959	320,876,217	5	144,636,258	7,023,728	179,231	-	151,839,217	169,037,000
Plant and machinery	1,697,928,564	-	(81,369,075)	(30,310,471)	57,164,209	1,643,413,227	5	630,384,311	53,661,711	(31,278,529)	(21,034,266)	631,733,227	1,011,680,000
Services and other equipment	2,976,737	-	-	-	-	2,976,737	10	2,060,501	91,624	-	-	2,152,125	824,612
Office equipment	8,666,607	-	-	-	-	8,666,607	10	6,813,067	185,354	-	-	6,998,421	1,668,186
Furniture and fixtures	7,627,523	-	-	-	-	7,627,523	10	6,309,904	131,762	-	-	6,441,666	1,185,857
Scooters and cycles	49,355	-	-	-	-	49,355	20	48,480	175	-	(24,348,037)	48,655	700
Arms and ammunitions	102,920	48,670	-	(28,800)	-	122,790	10	68,518	4,046	-	(17,531)	55,033	67,757
Vehicles	40,341,605	4,715,000	-	(4,175,747)	-	40,880,858	20	16,240,265	5,275,230	-	(3,296,240)	18,219,255	22,661,603
	2,134,376,807	4,763,670	(80,222,188)	(34,515,018)	99,628,168	2,124,031,439		806,561,304	66,373,630	(31,099,298)	(24,348,037)	817,487,599	1,306,543,840
Assets subject to finance lease													
Plant and machinery	70,000,000	-	(11,160,435)	-	-	58,839,565	5	7,385,490	3,130,726	(1,676,651)		8,839,565	50,000,000
	2,204,376,807	4,763,670	(91,382,623)	(34,515,018)	99,628,168	2,182,871,004		813,946,794	69,504,356	(32,775,949)	(24,348,037)	826,327,164	1,356,543,840

2015

	COST / REVALUED AMOUNTS							DEPRECIATION					
	As at July 01, 2014 *Rupees*	Additions *Rupees*	Revaluation *Rupees*	Disposals *Rupees*	Transfer *Rupees*	As at June 30, 2015 *Rupees*	Rate %	As at July 01, 2014 *Rupees*	For the year *Rupees*	Revaluation *Rupees*	Adjustment *Rupees*	As at June 30, 2015 *Rupees*	Net book value as at June 30, 2015 *Rupees*
Assets owned by the Company													
Freehold land	98,650,000	-	-	-	-	98,650,000	-	-	-	-	-	-	98,650,000
Buildings	270,547,810	-	-	-	7,485,686	278,033,496	5	137,976,502	6,659,756	-	-	144,636,258	133,397,238
Plant and machinery	1,477,576,692	-	-	(56,344,699)	276,696,571	1,697,928,564	5	616,802,924	51,076,358	-	(37,494,971)	630,384,311	1,067,544,253
Services and other equipment	2,976,737	-	-	-	-	2,976,737	10	1,958,697	101,804	-	-	2,060,501	916,236
Office equipment	8,666,607	-	-	-	-	8,666,607	10	6,607,118	205,949	-	-	6,813,067	1,853,540
Furniture and fixtures	7,627,523	-	-	-	-	7,627,523	10	6,163,502	146,402	-	-	6,309,904	1,317,619
Scooters and cycles	49,355	-	-	-	-	49,355	20	48,261	219	-	-	48,480	875
Arms and ammunitions	102,920	-	-	-	-	102,920	10	64,696	3,822	-	-	68,518	34,402
Vehicles	33,334,781	10,733,717	-	(3,726,893)	-	40,341,605	20	13,753,007	4,396,692	-	(1,909,434)	16,240,265	24,101,340
	1,899,532,425	10,733,717	-	(60,071,592)	284,182,257	2,134,376,807		783,374,707	62,591,002	-	(39,404,405)	806,561,304	1,327,815,503
Assets subject to finance lease													
Plant and machinery	70,000,000	-	-	-	-	70,000,000	5	4,089,989	3,295,501	-	-	7,385,490	62,614,510
	1,969,532,425	10,733,717	-	(60,071,592)	284,182,257	2,204,376,807		787,464,696	65,886,503	-	(39,404,405)	813,946,794	1,390,430,013

18.1.1 Disposal of property, plant and equipment

	2016						
	Cost/revalued amount *Rupees*	**Accumulated depreciation** *Rupees*	**Net book value** *Rupees*	**Disposal proceeds** *Rupees*	**Gain/(loss) on disposal** *Rupees*	**Mode of disposal**	**Particulars of buyer**
Plant and Machinery							
Drawing Frames	**8,695,764**	**6,095,505**	**2,600,259**	**1,300,000**	**(1,300,259)**	**Negotiation**	**Nishat Chunian Power Limited**
MK-4 Cards	**21,614,707**	**14,938,762**	**6,675,945**	**4,200,000**	**(2,475,945)**	**Negotiation**	**A. A. Cotton Mills Limited**
	30,310,471	**21,034,267**	**9,276,204**	**5,500,000**	**(3,776,204)**		
Vehicles							
Honda Accord	**3,908,443**	**3,085,652**	**822,791**	**2,000,000**	**1,177,209**	**Negotiation**	**Mian Iqbal Saigol**
Motor Cycle	**66,600**	**43,276**	**23,324**	**23,324**	**-**	**Book value**	**Company employee**
Suzuki Bolan	**200,704**	**167,312**	**33,392**	**33,392**	**-**	**Book value**	**Company employee**
	4,175,747	**3,296,240**	**879,507**	**2,056,716**	**1,177,209**		
Arms and Ammunition							
Shot gun	**28,800**	**17,530**	**11,270**	**11,270**	**-**	**Book value**	**Buksh Elahee & Co. (Private) Limited**
	34,515,018	**24,348,037**	**10,166,981**	**7,567,986**	**(2,598,995)**		

	2015						
	Cost/revalued amount *Rupees*	Accumulated depreciation *Rupees*	Net book value *Rupees*	Disposal proceeds *Rupees*	Gain/(loss) on disposal *Rupees*	Mode of disposal	Particulars of buyer
Plant and Machinery							
Murata Auto Coner	23,928,754	16,222,555	7,706,199	1,400,000	(6,306,199)	Negotiation	Samira Industries (Private) Limited
Murata Auto Coner	13,947,781	9,017,251	4,930,530	700,000	(4,230,530)	Negotiation	D.S. Industries Limited
Toyoda Draw Frames	17,391,528	11,914,772	5,476,756	3,600,000	(1,876,756)	Negotiation	Sapphire Textile Mills Limited
Blow Room Line Machine	1,076,636	340,393	736,243	1,400,000	663,757	Negotiation	Moro Textile Mills Limited
	56,344,699	37,494,971	18,849,728	7,100,000	(11,749,728)		
Vehicles							
Honda Civic	1,616,853	1,095,873	520,980	520,980	-	Book value	Company employee
Suzuki Cultus	1,095,740	258,716	837,024	900,000	62,976	Negotiation	Mrs. Anees-ur-Rehman
Suzuki Cultus	1,014,300	554,845	459,455	459,455	-	Book value	Company employee
	3,726,893	1,909,434	1,817,459	1,880,435	62,976		
	60,071,592	39,404,405	20,667,187	8,980,435	(11,686,752)		

		Note	2016	2015
			Rupees	*Rupees*
18.1.2	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	*26*	**63,907,789**	61,133,419
	Administrative and selling expenses	*28*	**5,596,567**	4,753,084
			69,504,356	65,886,503

18.1.3 Most recent valuation of land, building, plant and machinary was carried out by an independent valuer Messrs Star Tech Consultants as on June 30, 2016. For basis of valuation and other fair value measurement disclosures, refer to note 40.

Had there been no revaluation, the cost, accumulated depreciation and net book values of revalued items would have been as follows:

	2016		
	Cost	**Accumulated depreciation**	**Net book value**
	Rupees	***Rupees***	***Rupees***
Freehold land	**59,445,942**	**-**	**59,445,942**
Buildings on freehold land	**237,326,614**	**99,040,068**	**138,286,546**
Plant and machinery	**1,707,169,214**	**596,751,992**	**1,110,417,222**

	2015		
	Cost	Accumulated depreciation	Net book value
	Rupees	*Rupees*	*Rupees*
Freehold land	59,445,942	-	59,445,942
Buildings on freehold land	194,862,655	93,624,283	101,238,372
Plant and machinery	1,666,413,522	554,019,450	1,112,394,072

18.2 Capital work in progress

	2016			
	As at July 01, 2015	**Additions**	**Transfers**	**As at June 30, 2016**
	Rupees	***Rupees***	***Rupees***	***Rupees***
Building	**41,620,457**	**5,229,742**	**(42,463,959)**	**4,386,240**
Plant and machinery	**-**	**57,164,209**	**(57,164,209)**	**-**
	41,620,457	**62,393,951**	**(99,628,168)**	**4,386,240**

	2015			
	As at July 01, 2014	Additions	Transfers	As at June 30, 2015
	Rupees	*Rupees*	*Rupees*	*Rupees*
Building	31,601,048	17,505,095	(7,485,686)	41,620,457
Plant and machinery	232,884,226	43,812,345	(276,696,571)	-
	264,485,274	61,317,440	(284,182,257)	41,620,457

		Note	2016	2015
			Rupees	*Rupees*
19	**LONG TERM DEPOSITS**			
	Financial institutions		**7,964,976**	7,839,976
	Others	*19.1*	**13,073,910**	13,073,910
			21,038,886	20,913,886

19.1 These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

		Note	**2016**	2015
			Rupees	*Rupees*
20	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**14,019,723**	13,906,668
	Spares		**5,964,512**	5,346,801
	Loose tools		**13,833**	9,433
			19,998,068	19,262,902

20.1 There are no spare parts exclusively held for capitalization as at the reporting date.

21	**STOCK IN TRADE**			
	Raw material	*21.1*	**287,572,127**	274,831,220
	Work in process		**28,898,614**	27,347,422
	Finished goods	*21.2*	**136,780,349**	101,544,768
			453,251,090	403,723,410

21.1 These include stock in transit valued at Rs. 31,513,024 (2015: Rs.11,145,765).

21.2 Stock of finished goods include stock of waste valued at net realizable value of Rs. 3,061,775 (2015: Rs. 3,332,985).

21.3 Details of stock pledged as security are referred to in note 41 to the financial statements.

		Note	**2016**	2015
			Rupees	*Rupees*
22	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to suppliers - *unsecured, considered good*		**2,310,229**	302,622
	Advances to employees - *secured*	*22.1*	**6,372,141**	6,180,470
	Prepayments		**1,935,097**	1,993,409
	Letters of credit		**13,605,883**	3,840,785
	Security deposits		**40,670**	40,670
	Sales tax refundable		**44,703,329**	29,249,089
			68,967,349	41,607,045

22.1 These represent advances to employees against salaries and post employment benefits in accordance with the Company policy. No advances have been given to any of the directors or executives of the Company.

		2016	2015
		Rupees	*Rupees*
23	**CURRENT TAX ASSET**		
	Advance income tax	**66,495,655**	34,000,037
	Provision for taxation	**-**	-
		66,495,655	34,000,037

		Note	2016 Rupees	2015 Rupees
24	**CASH AND BANK BALANCES**			
	Cash in hand		**1,937,388**	445,995
	Cash at banks			
	current accounts in local currency		**7,212,831**	14,120,128
	current accounts in foreign currency		**3,034,871**	9,976,875
			10,247,702	24,097,003
			12,185,090	24,542,998
25	**TURNOVER - NET**			
	Yarn		**2,525,930,412**	2,526,062,848
	Waste		**35,665,977**	31,155,833
			2,561,596,389	2,557,218,681
	Sales tax		**(91,209,210)**	(60,452,051)
			2,470,387,179	2,496,766,630
26	**COST OF SALES**			
	Raw material consumed	*26.1*	**1,684,233,464**	1,493,218,938
	Power and fuel		**337,998,894**	419,074,066
	Stores, spares and loose tools consumed		**73,965,940**	70,040,972
	Salaries, wages and benefits	*26.2*	**280,791,029**	253,233,517
	Entertainment		**570,074**	726,382
	Insurance		**3,345,321**	3,123,202
	Repair and maintenance		**18,477,605**	16,012,170
	Traveling and conveyance		**210,245**	166,038
	Vehicle running and maintenance		**1,392,537**	1,605,407
	Depreciation	*18.1.2*	**63,907,789**	61,133,419
	Others		**581,638**	553,901
	Manufacturing cost		**2,465,474,536**	2,318,888,012
	Work in process			
	As at beginning of the year		**27,347,422**	36,739,040
	As at end of the year		**(28,898,614)**	(27,347,422)
			(1,551,192)	9,391,618
	Cost of goods manufactured		**2,463,923,344**	2,328,279,630
	Finished goods			
	As at beginning of the year		**101,544,768**	102,241,716
	As at end of the year		**(136,780,349)**	(101,544,768)
			(35,235,581)	696,948
			2,428,687,763	2,328,976,578
26.1	**Raw material consumed**			
	As at beginning of the year		**274,831,220**	313,792,526
	Purchased during the year		**1,696,974,371**	1,454,257,632
	As at end of the year		**(287,572,127)**	(274,831,220)
			1,684,233,464	1,493,218,938

26.2 These include charge in respect of employees retirement benefits amounting to Rs. 14,209,067 (2015: Rs. 13,061,364).

		Note	2016	2015
			Rupees	*Rupees*
27	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries and benefits	*27.1*	**2,123,378**	1,878,354
	Commission		**4,578,893**	4,641,797
	Vehicle running and maintenance		**146,292**	152,668
	Others		**368,385**	143,976
			7,216,948	6,816,795

27.1 These include charge in respect of employees retirement benefits amounting to Rs. 202,178 (2015: Rs. 160,654).

		Note	2016	2015
			Rupees	*Rupees*
28	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Directors' meeting fee		**15,000**	30,000
	Salaries and benefits	*28.1*	**29,296,493**	27,130,425
	Rent, rates and utilities		**3,506,130**	3,052,080
	Printing and stationery		**589,384**	647,022
	Communication		**1,518,336**	1,468,983
	Repair and maintenance		**512,117**	496,979
	Vehicles running and maintenance		**1,680,536**	1,725,394
	Fee and subscription		**931,847**	1,099,047
	Traveling and conveyance		**1,849,752**	5,166,279
	Legal and professional charges		**593,936**	762,000
	Auditors' remuneration	*28.2*	**786,250**	675,000
	Entertainment		**507,293**	423,595
	Insurance		**1,115,102**	1,036,808
	Depreciation	*18.1.2*	**5,596,567**	4,753,084
	Others		**2,168,864**	1,948,166
			50,667,607	50,414,862

28.1 These include charge in respect of employees retirement benefits amounting to Rs. 3,756,201 (2015: Rs. 3,191,838).

		2016	2015
		Rupees	*Rupees*
28.2	**Auditor's remuneration**		
	Annual statutory audit	**577,500**	500,000
	Half yearly review	**131,250**	100,000
	Review report under Code of Corporate Governance	**52,500**	50,000
	Out of pocket expenses	**25,000**	25,000
		786,250	675,000
29	**NET OTHER EXPENSES**		
	Gain on financial instruments		
	Exchange gain	**(298,513)**	(362,846)
	Other	**(8,924)**	-
	Other expense		
	Loss on sale of property, plant and equipment	**2,598,995**	11,686,752
		2,291,558	11,323,906

		Note	2016	2015
			Rupees	*Rupees*
30	**FINANCE COST**			
	Interest / markup on:			
	loan from directors and family members		**26,269,435**	-
	long term finances		**30,961,199**	46,498,130
	liabilities against assets subject to finance lease		**3,524,484**	6,604,394
	short term borrowings		**26,924,136**	34,244,364
	Interest/markup waived	*30.1*	**(26,269,435)**	-
			61,409,819	87,346,888
	Ijara rentals paid		**4,596,094**	6,249,279
	Interest on workers' profit participation fund		**9,283**	336,003
	Bank charges and commission		**3,928,595**	3,245,398
			69,943,791	97,177,568

30.1 This represents interest on loan obtained from directors and their family members which has been waived off by the lenders at their sole discretion.

		Note	2016	2015
			Rupees	*Rupees*
31	**OTHER CHARGES**			
	Workers' Profit Participation Fund	*14.1*	**-**	102,246
	Workers' Welfare Fund	*14.2*	**-**	38,854
	Donations	*31.1*	**15,720**	12,000
			15,720	153,100

31.1 None of the directors or their spouses had any interest in donations made by the Company.

		Note	2016	2015
			Rupees	*Rupees*
32	**TAXATION**			
	Current taxation			
	for current year	*32.1*	**-**	-
	for prior year		**-**	8,762,425
			-	8,762,425
	Deferred taxation	*13.1*		
	for current year		**(16,128,937)**	(12,759,916)
	adjustment attributable to changes in tax rates		**(6,151,296)**	(6,292,004)
			(22,280,233)	(19,051,920)
			(22,280,233)	(10,289,495)

32.1 Provision for taxation has been made under section 113 (2015: section 113) of the Income Tax Ordinance, 2001 ("the Ordinance"). There is no relationship between tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented. Due to availability of tax credits in access of provision, the provision for current tax amounting to Rs. 24.703 million (2015: 24.968 million) has been reduced to nil.

32.2 Assessments for the tax years up to 2015 have either been finalized or are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filed by the Company.

		Unit	2016	2015
33	**(LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED**			
	Loss attributable to ordinary shareholders	*Rupees*	**(66,155,975)**	(17,498,612)
	Notional interest expense	*Rupees*	**-**	29,691,928
	Weighted average number of ordinary shares outstanding during the year	*No. of shares*	**29,840,607**	29,840,607
	(Loss)/earnings per share - *Basic*			
	before notional interest	*Rupees*	**(2.22)**	0.41
	after notional interest	*Rupees*	**(2.22)**	(0.59)

There is no (anti-dilutive)/dilutive effect on the basic (loss)/earnings per share of the Company.

		Note	2016 Rupees	2015 Rupees
34	**CASH GENERATED FROM OPERATIONS**			
	Loss before taxation		**(88,436,208)**	(27,788,107)
	Adjustments for non-cash and other items			
	Interest/markup on borrowings		**61,409,819**	87,346,888
	Notional interest expense		**-**	29,691,928
	Loss on disposal of operating fixed assets		**2,598,995**	11,686,752
	Unrealized foreign exchange gain		**298,513**	362,846
	Provision for employees retirement benefits		**18,167,446**	16,413,856
	Depreciation		**69,504,356**	65,886,503
			151,979,129	211,388,773
	Operating profit before changes in working capital		**63,542,921**	183,600,666
	Changes in working capital			
	Stores, spares and loose tools		**(735,166)**	942,324
	Stock in trade		**(49,527,680)**	49,049,872
	Trade receivables		**10,923,608**	(42,894,540)
	Advances, prepayments and other receivables		**(27,360,304)**	14,916,371
	Trade and other payables		**73,400,953**	45,201,820
			6,701,411	67,215,847
	Cash generated from operations		**70,244,332**	250,816,513
35	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	*24*	**12,185,090**	24,542,998
			12,185,090	24,542,998

36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise directors and their family members and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Transactions with directors and their family members are limited to provision of long term and temporary short term loans to the Company.

Details of transactions and balances with related parties is as follows:

			2016	2015
			Rupees	*Rupees*
36.1	**Transactions with related parties**			
	Nature of relationship	**Nature of transactions**		
	Key management personnel	Short-term employee benefits	**7,173,333**	6,630,000
		Post employment benefits	**580,000**	550,000
	Directors and their family members	Short term borrowing obtained	**102,000,000**	-
		Sale of vehicle	**2,000,000**	-
36.2	**Balances with related parties**			
	Nature of relationship	**Nature of balance**		
	Directors and their family members	Long term loans	**265,884,966**	265,884,966
		Short term borrowing	**102,000,000**	-
	Key management personnel	Short-term employee benefits payable	**532,242**	596,476
		Post employment benefits payable	**1,581,725**	1,774,425

37 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

		Note	2016	2015
			Rupees	*Rupees*
37.1	**Financial assets**			
	Cash in hand	*24*	**1,937,388**	445,995
	Loans and receivables			
	Long term deposits	*19*	**21,038,886**	20,913,886
	Trade receivables		**58,939,389**	69,862,997
	Security deposits	*22*	**40,670**	40,670
	Bank balances	*24*	**10,247,702**	24,097,003
			92,204,035	115,360,551
37.2	**Financial liabilities**			
	Financial liabilities at amortized cost			
	Loan from directors and family members	*8*	**265,884,966**	265,884,966
	Long term finances	*9*	**315,600,255**	374,848,640
	Liabilities against assets subject to finance lease - Secured	*10*	**32,941,177**	49,411,765
	Long term deposits	*11*	**8,000,000**	8,000,000
	Short term borrowings	*15*	**354,758,296**	191,431,131
	Accrued interest/markup		**14,639,801**	18,961,997
	Trade creditors	*14*	**96,892,274**	91,693,964
	Accrued liabilities	*14*	**94,074,591**	113,630,207
	Bills payable	*14*	**22,887,772**	16,361,946
	Unclaimed dividend	*14*	**485,351**	485,351
			1,206,164,483	1,130,709,967

38 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

38.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

38.1.1 Maximum exposure to credit risk

Credit risk mainly arises from the Company's loans and receivables. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	**2016**	2015
		Rupees	*Rupees*
Loans and receivables			
Long term deposits	*19*	**21,038,886**	20,913,886
Trade debts		**58,939,389**	69,862,997
Security deposits	*22*	**40,670**	40,670
Cash at banks	*24*	**10,247,702**	24,097,003
		90,266,647	114,914,556

38.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2016	2015
	Rupees	*Rupees*
Customers	**58,939,389**	69,862,997
Banking companies and financial institutions	**18,212,678**	31,936,979
Utility companies and regulatory authorities	**13,114,580**	13,114,580
	90,266,647	114,914,556

38.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to 'long term deposits' and 'cash at bank'. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts and utility companies and regulatory authorities which are counter parties to 'security deposits' and 'long term deposits'.Credit risk in respect of 'security deposits' and 'long term deposits' is considered to be insignificant as non-performance by these parties is not expected. The Company is exposed to credit risk in respect of trade debts. The analysis of ages of trade debts as at the reporting date is as follows:

	2016		2015	
	Gross carrying amount	**Accumulated Impairment**	Gross carrying amount	Accumulated Impairment
	Rupees	***Rupees***	*Rupees*	*Rupees*
Neither past due nor impaired	**58,939,389**	**-**	69,862,997	-
Past due	**-**	**-**	-	-
	58,939,389	**-**	69,862,997	-

The Company's two (2015: two) significant customers account for Rs. 21.91 million (2015: Rs. 18.51 million) of trade debts as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2015: 10%) of trade debts as at the reporting date. The Company's customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

38.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets.

38.1.5 Credit risk management

The Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

38.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

38.2.1 Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	2016				
	Carrying amount	**Contractual cash flows**	**One year or less**	**One to five years**	**More than five years**
	Rupees	***Rupees***	***Rupees***	***Rupees***	***Rupees***
Loan from directors and family members	**265,884,966**	**265,884,966**	**265,884,966**	**-**	**-**
Long term finances	**315,600,255**	**372,792,099**	**33,053,332**	**339,738,767**	**-**
Liabilities against assets subject to finance lease	**32,941,177**	**35,316,191**	**22,396,661**	**12,919,530**	**-**
Long term deposits	**8,000,000**	**8,000,000**	**-**	**8,000,000**	**-**
Short term borrowings	**354,758,296**	**358,240,346**	**358,240,346**	**-**	**-**
Accrued interest/markup	**14,639,801**	**14,639,801**	**14,639,801**	**-**	**-**
Trade creditors	**96,892,274**	**96,892,274**	**96,892,274**	**-**	**-**
Accrued liabilities	**94,074,591**	**94,074,591**	**94,074,591**	**-**	**-**
Bill payable	**22,887,772**	**22,887,772**	**22,887,772**	**-**	**-**
Unclaimed dividend	**485,351**	**485,351**	**485,351**	**-**	**-**
	1,206,164,483	**1,269,213,391**	**908,555,094**	**360,658,297**	**-**

	2015				
	Carrying amount *Rupees*	Contractual cash flows *Rupees*	One year or less *Rupees*	One to five years *Rupees*	More than five years *Rupees*
Loan from directors and family members	265,884,966	265,884,966	265,884,966	-	-
Long term finances	374,848,640	454,231,037	126,039,757	328,191,280	-
Liabilities against assets subject to finance lease	49,411,765	55,571,512	24,309,291	31,262,221	
Long term deposits	8,000,000	8,000,000	-	8,000,000	-
Short term borrowings	191,431,131	194,230,861	194,230,861	-	-
Accrued interest/markup	18,961,997	18,961,997	18,961,997	-	-
Trade creditors	91,693,964	91,693,964	91,693,964	-	-
Accrued liabilities	113,630,207	113,630,207	113,630,207	-	-
Bill payable	16,361,946	16,361,946	16,361,946	-	-
Unclaimed dividend	485,351	485,351	485,351	-	-
	1,130,709,967	1,219,051,841	851,598,340	367,453,501	-

38.2.2 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also maintains various lines of credit with banking companies. Further, the Company has continued support of its sponsors and in respect of any temporary liquidity shortfalls.

38.3 Market risk

38.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency.

(a) Exposure to currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

	2016			
	CHF ***Rupees***	**JPY** ***Rupees***	**USD** ***Rupees***	**Total** ***Rupees***
Financial assets				
Cash and bank balances	**-**	**-**	**3,034,871**	**3,034,871**
Financial liabilities			**-**	**-**
Net balance sheet exposure	**-**	**-**	**3,034,871**	**3,034,871**
Foreign currency commitments	**(2,352,377)**	**(95,769)**	**(71,228,416)**	**(73,676,562)**
Net exposure	**(2,352,377)**	**(95,769)**	**(68,193,545)**	**(70,641,691)**

	2015			
	CHF *Rupees*	JPY *Rupees*	USD *Rupees*	Total *Rupees*
Financial assets				
Cash and bank balances	-	-	9,976,875	9,976,875
Financial liabilities			-	-
Net balance sheet exposure	-	-	9,976,875	9,976,875
Foreign currency commitments	(5,312,038)	(408,934)	(60,933,555)	(66,654,527)
Net exposure	(5,312,038)	(408,934)	(50,956,680)	(56,677,652)

(b) Exchange rates applied as at reporting date

The following spot exchange rates were applied as at reporting date

	2016		2015	
	Assets	**Liabilities**	Assets	Liabilities
	Rupees	***Rupees***	*Rupees*	*Rupees*
CHF	**-**	**106.8500**	-	109.6400
JPY	**-**	**1.0186**	-	0.8213
USD	**104.5000**	**104.7000**	101.5000	101.7000

(c) Sensitivity analysis

A ten percent appreciation in Pak Rupee against the US $ would have decreased profit for the year by Rs. 0.30 million (2015: Rs. 0.99 million) . A ten percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

38.3.2 Interest rate risk

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

(a) Interest/markup bearing financial instruments

The effective interest/markup rates for interest/markup bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/markup bearing financial instruments as at the reporting date are as follows:

	2016	2015
	Rupees	*Rupees*
Fixed rate instruments	**-**	-
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**703,299,728**	615,691,536

***(b)* Cash flow sensitivity analysis for variable rate instruments**

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 7.03 million (2015: Rs. 6.16 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

***(c)* Interest rate risk management**

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

38.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

39 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Any temporary shortfall is met through interest free loans from sponsors. The Board of Directors monitors the return on capital and seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances including current maturity. Total capital employed includes total equity, as shown in the balance sheet, plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	Unit	2016	2015
Total debt	*Rupees*	**348,541,432**	424,260,405
Total equity	*Rupees*	**516,960,496**	577,425,633
		865,501,928	1,001,686,038
Gearing	*% age*	**40.27%**	42.35%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any other externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance and subordination of long term loan from directors and their family members (see note 8).

40 FAIR VALUE MEASUREMENTS

40.1 Financial Instruments

The Company measures some of its assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

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 (that is, as prices) or indirectly (that is, derived from prices).

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

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

40.1.1 Financial instruments measured at fair value

a) Recurring fair value measurements

There are no recurring fair value measurements as at the reporting date.

b) Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

40.1.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

40.2 Assets and liabilities other than financial instruments.

40.2.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	2016	2015
				Rupees	*Rupees*
Freehold land	-	99,418,125	-	**99,418,125**	98,650,000
Buildings	-	-	169,037,000	**169,037,000**	133,397,238
Plant and machinery	-	-	1,061,680,000	**1,061,680,000**	1,130,158,763

For fair value measurements categorised into Level 2 and Level 3 the following information is relevent:

	Valuation technique	Significant inputs	Sensitivity
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would results in a increase in fair value of buildings by Rs. 8.45 million (2015: Rs. 6.67 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would results in an increase in fair value of plant and machinery by Rs. 53.08 million (2015: Rs. 56.51 million).

Reconciliation of fair value measurements categorized in Level 3 is presented in note 18.1.

There were no transfers between fair value hierarchies during the year.

40.2.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

	2016	2015
	Rupees	***Rupees***
41 RESTRICTION ON TITLE, AND ASSETS PLEDGED AS SECURITY		
Mortgages and charges		
Charge over current assets	**534,000,000**	534,000,000
Charge over operating fixed assets	**1,102,000,000**	1,102,000,000
Pledge		
Raw material	**287,572,127**	274,831,220
Finished goods	**133,718,574**	98,211,783

In addition to the above, Saritow Spinning Mills Limited ("SSML") has given undertaking to various banking companies to effect that the Company, pursuant to the merger of Azam Textile Mills Limited ("ATML") into SSML will be liable in respect of all finance facilities availed by ATML in the same manner as ATML was originally liable to the extent of Rs. 720 million.

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives of the Company on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2016		
	Chief Executive	**Directors**	**Executives**
	Rupees	***Rupees***	***Rupees***
Managerial remuneration	**-**	**4,580,004**	**8,013,804**
Allowances and perquisites	**-**	**2,578,329**	**4,340,805**
Meeting fee	**-**	**15,000**	**-**
Post employment benefits	**-**	**580,000**	**1,001,725**
	-	**7,753,333**	**13,356,334**
Number of persons	**-**	**2**	**5**

	2015		
	Chief Executive	Directors	Executives
	Rupees	*Rupees*	*Rupees*
Managerial remuneration	-	4,340,004	8,398,395
Allowances and perquisites	-	2,259,996	4,199,205
Meeting fee	-	30,000	-
Post employment benefits	-	550,000	1,224,425
	-	7,180,000	13,822,025
Number of persons	-	2	8

42.1 Meeting fee includes Rs. 15,000 (2015: Rs. 30,000) paid to non-executive directors of the Company.

42.2 Executive Directors and Executives are provided with free use of Company maintained vehicles.

43 SEGMENT INFORMATION

43.1 The Company is a single reportable segment.

43.2 All non-current assets of the Company are situated in Pakistan.

43.3 All sales of the Company have originated from Pakistan.

44 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	**2016**	2015
Number of spindles installed	*No.*	**51,840**	51,840
Plant capacity on the basis of utilization converted into 80s count	*Kgs*	**3,054,796**	3,054,796
Actual production converted into 80s count	*Kgs*	**2,521,430**	2,487,163

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist etc. It would also vary according to the pattern of production adopted in a particular year. Further, power shortage in the country has also resulted in lower capacity utilization.

45 NUMBER OF EMPLOYEES

Total number of employees of the Company as at the reporting date are 1,156 (2015: 1,231). Average number of persons employed by the Company during the year are 1,212 (2015: 1,182).

46 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period which my require adjustment of and/or disclosure in these financial statements

47 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 07, 2016 by the Board of Directors of the Company.

49 GENERAL

49.1 Figures have been rounded off to the nearest rupee.

49.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.

Lahore
Date : October 07, 2016

CHIEF EXECUTIVE **DIRECTOR**


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FORM 34

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

1. Incorporation Number **15779**

2. Name of the Company **SARITOW SPINNING MILLS LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30-06-2016**

	------Shareholding------		
4. No. of Shareholders	**From**	**To**	**Total Shares Held**
180	1	100	5,031
274	101	500	84,647
248	501	1,000	204,779
320	1,001	5,000	867,495
101	5,001	10,000	819,513
36	10,001	15,000	451,693
26	15,001	20,000	489,550
18	20,001	25,000	414,600
9	25,001	30,000	257,581
6	30,001	35,000	196,321
2	35,001	40,000	80,000
3	40,001	45,000	130,500
4	45,001	50,000	191,000
4	50,001	55,000	207,500
2	55,001	60,000	120,000
2	60,001	65,000	126,593
4	65,001	70,000	277,500
1	70,001	75,000	75,000
1	75,001	80,000	79,500
2	80,001	85,000	168,000
1	85,001	90,000	90,000
1	90,001	95,000	92,500
1	95,001	100,000	100,000
2	100,001	105,000	207,170
2	105,001	110,000	214,500
1	110,001	115,000	113,000
1	120,001	125,000	122,000
2	130,001	135,000	264,136
2	145,001	150,000	299,745
1	185,001	190,000	190,000
1	205,001	210,000	210,000
1	295,001	300,000	300,000
1	640,001	645,000	640,500
1	930,001	935,000	931,549
1	1,375,001	1,380,000	1,379,435
1	2,175,001	2,180,000	2,179,462
1	2,495,001	2,500,000	2,497,500
1	2,500,001	2,505,000	2,502,500
1	4,120,001	4,125,000	4,121,657
1	8,135,001	8,140,000	8,138,150
1267			**29,840,607**

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2016

Sr.No.	Name	No. of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties:	-	-
	Mutual Funds:		
1	PRUDENTIAL STOCK FUND LTD (CDC)	5,000	0.0168
2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	1,423,435	4.7701
	Directors and their Spouse and Minor Chidren:		
1	MR. M. NASEEM SAIGOL (CDC)	8,138,150	27.2721
2	MR. M. AZAM SAIGOL (CDC)	931,549	3.1217
3	MR. MUHAMMAD ATHAR RAFIQ	1,123	0.0038
4	MR. MUHAMMAD OMER FAROOQ	2,881	0.0097
5	MR. SAMIR IQBAL SAIGOLS	1,123	0.0038
6	MR. MUHAMMAD ZEID SAIGOL	2,503,123	8.3883
7	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGOL (CDC)	4,121,657	13.8122
8	MRS. SEHYR SAIGOL W/O M. NASEEM SAIGOL (CDC)	2,179,462	7.3037
	Executives:	-	-
	Public Sector Companies & Corporations:	-	-
	Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:	273,351	0.9160
	Shareholders holding five percent or more voting intrest in the listed company		
1	MR. M. NASEEM SAIGOL. (CDC)	8,138,150	27.2721
2	MRS. AMBER HAROON SAIGOL (CDC)	4,121,657	13.8122
3	MR. MUHAMMAD ZAID YOUSAF SAIGOL (CDC)	2,502,500	8.3862
4	MR. MURAD SAIGOL (CDC)	2,497,500	8.3695
5	MRS. SEHYR SAIGOL (CDC)	2,179,462	7.3037

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary, Their spouses and minor children:

S. No.	NAME	SALE	PURCHASE
	NIL		

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	8	17,879,068	59.9152
Associated Companies, undertakings and related party	-	-	-
NIT and ICP	2	41,304	0.1384
Banks Development Financial Institutions Non Banking Financial Institution	8	31,334	0.1050
Insurance Companies	2	108,784	0.3646
Modarabas and Mutual Funds	5	1,387,532	4.6498
General Public	1219	10,193,185	34.1588
Others (to be specified)			
Pension Funds	1	130,136	0.4361
Other Companies	1	4,566	0.0153
Joint Stock Companies	14	36,268	0.1215
Foreign Companies	7	28,430	0.0953
	1267	29,840,607	100.0000

Form of Proxy
30TH Annual General Meeting

LEDGER FOLIO | SHARES HELD

I / We ______________________________

of ______________________________

appoint ______________________________

(or of ______________________________

failing him) ______________________________

(being a member of the Company) as my / or proxy to attend and vote for me / us and on my / our behalf at the 30th Annual General Meeting of the Company to be held on October 31, 2016 at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore at 10:00 A.M. and at every adjournment thereof, if any.

A witness my / our hand (s) this ____________ day of ______________ 2016.

Signed by the said

REVENUE STAMP

____

Witnesses:

1) Name ____________________ 2) Name ____________________

Address ____________________ Address ____________________

CNIC No. ____________________ CNIC No. ____________________

Notes:

1. A member entitled to attend and vote at this Meeting may appoint proxy in accordance with the provisions of Article 52 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank Gublerg-V, Lahore, the Registered Office of the Company not later than forty eight hours before the time of holding the meeting and must be duly stamped, signed and witnessed.

2. For CDC Account Holders/ Corporate Entities in addition to the above the following requirement have to be met.

   (i) Attested copies of CNIC or the passport of the Beneficial Owners and the Proxy shall be provided with the proxy form

   (ii) In came of a Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

   (iii) The Proxy shall produce his original CNIC or original passport at the time of the meeting.